

# AUDIT IN FOCUS

AUDIT MONITORING REPORT 2026



[icaew.com/regulation](https://www.icaew.com/regulation)

## ICAEW - AUDIT MONITORING

# Who we are and what we do

ICAEW regulates c 1,800 audit firms and plays a significant role monitoring the quality of non-public interest entity (PIE) audit work in the UK. It is also the largest recognised supervisory body in the UK, with responsibilities delegated by the Financial Reporting Council (FRC), as the UK competent authority.

Our structured approach to education, monitoring and, where standards are not met, enforcement reflects an improvement-led regulatory model that strengthens confidence in ICAEW's audit-registered firms and protects the public interest.

### Independent decision-making

The work of ICAEW Professional Standards staff is overseen by the Audit Registration Committee (ARC). This committee is independent from staff and is comprised of a parity of lay and chartered accountants with a lay chair who has a casting vote. This maintains an important balance of technical insight from the chartered accountant members and insight in the public's interest from the lay members.

More information about ICAEW's regulatory work, including its oversight and governance is available in the [ICAEW Regulation and Conduct Annual Report](#)

### Overview

This report provides information on the results of our monitoring activity for the year ended 31 December 2025. There is a positive overall trend in audit quality compared to recent years.

We reflect on the key risks to audit quality that have surfaced for many firms since 2020 and remind firms of some common audit quality weaknesses.

We highlight examples of carefully tailored whole-firm procedures implemented by our firms to maintain audit quality and action taken by ARC in cases where firms do not have an effective system of quality management.

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# Activity and results

In 2025 we completed 375 audit monitoring visits, incorporating reviews of firms' work on 667 audits. The overall picture of audit quality across the firms we reviewed was that 73% of audits were good or generally acceptable. This was also reflected in improved outcomes for the audit firms subject to monitoring – 73% of our visits concluded without the need for further follow-up action or reporting.

We were particularly pleased to see the figure for audits requiring significant improvements fell to 6% from 10% recorded last year. This is the brightest picture since 2022. It is, of course, important to point out that, even where audits are found to require significant improvement, this does not necessarily mean that the audit opinion was incorrect.

We need to see improved results for another one to two years to have more confidence that audit quality across ICAEW firms has recovered to a consistently higher level. This is because it is not possible to make direct year-on-year comparisons as there is a different population of firms in scope each year.

**“We were particularly pleased to see the figure for audits requiring significant improvements fell to 6% from 10%... This is the brightest picture since 2022.”**

**Nick Reynolds**, Quality Assurance Department (QAD) Head of Audit

**6%**

Audits requiring significant improvements fell from 10% in 2024 to 6%

**73%**

of our visits concluded without the need for further follow-up action

**375**

audit monitoring visits

# Key risks to audit quality

Over the past five years multiple quality risks have surfaced in audit firms and these risks must continue to be addressed by firms through effective quality management to safeguard the future of the UK audit profession.

## Growth

Since 2020 audit firms have had many opportunities to expand their audit portfolio including with more complex clients.

This has come as the largest audit firms disengaged from some complex and/or larger audit clients that they considered unprofitable, poorly governed and too 'risky' in terms of their reputation in the UK regulatory environment.

At the same time sole practitioners or partners in smaller audit firms have been retiring (many active at the start of audit regulation in the early 1990s) – either selling their practices or at least winding down activity, with cessation of audit work often the first step.

The firms taking these opportunities are often those with a strategy for rapid

growth, including consolidators. Such firms need well-defined client acceptance procedures as a foundation for audit quality.

### CASE STUDY:

#### A collaborative approach to audit client acceptance

The responsible individual (RI) leading the opportunity completes a take-on form with details of client background and activities, connected parties, results of recent audits and other risks such as going concern. The form is circulated to all the firm's RIs, and any RI can raise questions or concerns. This approach can lead to healthy debate at the regular face-to-face RI meetings. If, and when concerns are resolved, the audit compliance principal will approve the opportunity and the lead RI then takes the work forward.

In addition, an independent conflict check is carried out before acceptance. Details of the proposed client, together with related entities, trading addresses and key individuals are circulated to all principals and staff.

### CASE STUDY:

#### Centralised acceptance procedures

Opportunities are submitted to a central mailbox for consideration by the business development team and regional management. This team assesses skillset/resource requirement with the individual RI and categorises the proposed audit client in terms of complexity, sector and expected fee. This output is then provided to a review panel of experienced RIs. Red flags may result in rejection at this stage and marginal cases are referred on to senior audit risk management for a second review.

Before approving, any necessary safeguards will be added as a condition, along with an appropriate fee increase to reflect the additional risk management procedures required for the first-year audit engagement.

Most unqualified audit opinions look very similar, but not all audits are equal. In previous audit monitoring reports we have consistently highlighted the challenges of group audits and of auditing more complicated revenue streams such as those arising from long term contracts.

Larger and more complex audit clients often come with sophisticated IT systems and sometimes adverse trading conditions that lead to doubt about the valuation of intangibles and going concern. These present challenging audits and complex judgements for any firm to deal with.

**"Significant audit quality failings have roots in one or more of three broad areas: growth, technology and staff."**

ICAEW Quality Assurance  
Department

## Key risks to audit quality continued

A growing firm that has taken what appeared to be good opportunities to build its practice with new audit clients and the associated income will almost certainly fail to deliver consistent high-quality audits if they have not implemented robust client acceptance policies. RIs and their teams do not then conduct work within an appropriate, supportive quality management framework.

Development of a System of Quality Management (SoQM) does not happen overnight and as a proportionate improvement regulator we must give firms reasonable time to develop procedures in parallel with their growth. Some growing firms demonstrate good progress in this area, but others do not.

Where there are concerns about appropriate audit procedures, lack of a single effective SoQM operating across the firm and/or recurring audit quality problems, ARC considers the need to place restrictions on a firm's audit registration to ensure that the firm places sufficient focus on the development of its procedures before continuing growth.

### CASE STUDY:

#### Prioritising procedures over further growth

A firm had expanded its audit portfolio over the past three years. Both audits we reviewed needed significant improvement. Root causes included a lack of appropriate resources caused by difficulties in recruitment of sufficiently experienced staff to support the RIs and problems with both the use and functionality of the audit software. This resulted in many documents being missed out of completed audit files.

In addition to a series of external hot and cold file reviews, the ARC required a detailed action plan to explain how the firm would resolve these issues, with updates every six months. It placed a restriction on the firm's audit registration such that it required permission to take on any new audit clients until further notice. ARC also told the firm that the committee was unlikely to approve the firm's acceptance of any new audit clients for a minimum of six months.

### Technology

The most significant technology risk resulting in poor audit quality since the pandemic was the rapid adoption of software-based audit systems. Typically, these were firms with relatively limited audit portfolios that had successfully operated with paper-based systems for many years. In some cases these firms will have chosen platforms that host an underlying audit methodology they were already familiar with, but this did not overcome all of the other challenges of this significant change to ways of working across the audit team.

The normal issues that afflict most businesses on adoption of a new, more sophisticated IT system result in staff working 'outside' the system. This leads to working papers not making it onto the completed audit file.

New software functionality in checklists can mean that staff forget that ticking a box is not a substitute for documenting what was done, the information that was considered, or the judgements made to 'tick it'.

None of these issues are new, and we saw some of the larger firms facing the same challenges in their first adoption of audit software 15+ years ago.

Any audit system change needs to be well planned and closely managed, with a programme of training followed by early hot reviews of files to identify emerging issues so that these can be addressed quickly. Firms with fewer internal resources may decide to engage with an external training provider to provide guidance and post-implementation reviews.

It is likely that most firms intending to move from paper-based audit systems to software have now done so. However, all firms need to keep these same challenges in mind as they consider moving to a second or third audit platform, whether this is driven by technical obsolescence or desire for improved functionality and integration of new and emerging technology tools.

## Key risks to audit quality continued

### CASE STUDY:

#### Utilising a range of applications for audit work

The firm uses a popular commercial audit platform and methodology as its core audit system. It has supplemented the standard programmes with its own bespoke audit application templates and guidance, all available on its intranet. Audit teams use data analysis, data analytics and collaboration software, supported by in-house guidance.

The firm has built a small but highly experienced in-house IT team to manage its systems including performance of due diligence on any new or updated applications before installation.

The annual evaluation of the system of quality management includes assessment of the effectiveness and suitability of all relevant IT applications.

### Staff

The availability of human resources, whether scarcity in terms of experience or numbers of audit staff has been a consistent challenge for firms over the past five years. We have seen how firms recovered from the challenges of the pandemic at different speeds and with varying levels of success.

Generally, firms cite their ability to have staff back face-to-face with clients for significant parts of an audit to be important to ensure a good quality audit. This may of course require flexibility from the firm when staff are not directly engaged with audit clients to meet the common expectation of hybrid working.

### CASE STUDY:

#### A balance of life and work

The firm adopted flexible working arrangements in 2019. Audits largely follow a hybrid approach, although some are fully remote and some fully on-site.

Trainees work full time from the office or at clients in the initial training phase to support their development. It is rare for more experienced staff to work from home more than two days a week. Staff are able to flex the total hours they work between busy periods for the firm and quieter holiday times.

All firms need to understand the different characteristics of the real world of audit work at different sizes of practice. Work at medium-sized firms will normally require a wide range of audit experience across different sectors and all areas of an audit. At the very largest firms some audit trainees and junior managers will get a breadth

of experience, but others may work almost exclusively in a specialist sector, focused sometimes on particular aspects of a handful of large multinational audits. We have seen some medium-sized firms increase investment in development of their own pipeline of audit talent, including school-leaver apprenticeships.

### CASE STUDY:

#### Experienced hires

Annual recruitment campaigns include targeting experienced professionals to join the team.

All experienced external hires complete a structured induction programme including key policies, systems and values. Audit staff are assigned tailored, role-specific learning modules to be completed within the first month of joining.

To support a smooth transition, each new hire has a primary point of contact throughout the onboarding process and beyond.

**"All firms need to understand the different characteristics of the real world of audit work at different sizes of practice."**

ICAEW Quality Assurance Department

# Common audit quality weaknesses

The areas of weakness that we identify on file reviews have not substantially changed. In our last audit monitoring report, we highlighted aspects for improvement in the areas of risk assessment, fraud and error, estimates and judgements, experts and service organisations, substantive analytical procedures and sampling.

In our 2025 audit monitoring webinars, sampling featured in several questions posted by attendees, particularly in terms of how to address seemingly large sample sizes. Other questions touched on controls testing and how to navigate decisions on whether substantive audit procedures alone can provide sufficient appropriate audit evidence. Such questions cannot be answered without more information about the individual audit, including risk assessment and determination of materiality. However, these questions support the view that firms are taking on increasingly more complex audits, which are in turn stretching the skills and competence of both those undertaking and responsible for those audits.

Firms need to build the competence of their staff, both through recruitment of suitably experienced staff and by sourcing in-depth CPD.

## Poor quality audits

Key issues that lead us to conclude that an audit needs improvement or significant improvement, often fall into one of three categories.

### Revenue/stock/contract balances

Frequently some of the largest financial statement line items, these can be technically difficult areas of an audit and regularly exhibit a higher risk of material misstatement.

The nature of the risk and necessary audit procedures will vary depending on the inherent risks of the audit as a whole, for example higher revenues and maintenance of stock carrying value will benefit both listed entities with a share price to support and highly geared businesses dependent on support from lenders. Other businesses may have the opposite motivation to minimise or delay revenue and profits in order to defer tax liabilities.

### CASE STUDY:

#### Third party and intragroup sales

Evidence for third party sales relied on testing a sample to internally generated invoices and goods dispatch notes. Most sales were intragroup, and the auditor relied on agreement of intercompany balances at year end with no other testing.

### CASE STUDY:

#### Manufacturing

The firm tested valuation of stock by independent recalculation based on the cost of raw materials, labour and overheads. An error in a spreadsheet formula picked up average hours worked instead of wages. When corrected following a quality assurance review, the test results indicated an understatement of stock value greater than performance materiality, but below overall materiality.

### CASE STUDY:

#### Civil engineering contractor

Profit from long-term contracts was recognised based on stage of completion. Audit work included testing a sample of transactions from the general ledger to purchase order, invoice and cash received. There was no consideration of whether revenue had been recognised according to the stage of completion on a contract basis. The team sampled a single credit balance within amounts received in advance on contracts to the invoiced value and latest valuation report but did not investigate the resulting variance.

**“Firms need to build the competence of their staff, both through recruitment of suitably experienced staff and by sourcing in-depth CPD.”**

ICAEW Quality Assurance Department

## Common audit quality weaknesses continued

### CASE STUDY:

#### Charities

One of the more frequent findings on our review of charity audits is lack of evidence for completeness of donations and sometimes consideration of restrictions on the use of donations. This is one of the principal areas of public interest in these audits and cash donations are highly susceptible to fraud. Appropriate audit work will need to consider the trustees' own controls over the completeness of this income, whether it is from membership, events, online platforms, portable payment card devices or traditional collection boxes.

#### Financial statements

If we consider that an audit requires significant improvement, this does not necessarily mean that the audit opinion was incorrect (although it does in some cases). We consistently identify material accounting errors and disclosure deficiencies in audited financial statements that cast doubt on whether the financial statements show a true and fair view.

Ultimately directors are responsible for their company's financial statements, and auditors are not always given all necessary information to do their work. However, when we can identify that the financial statements are materially misstated simply from review of the audit file documentation, this is a clear failure by the auditor.

### CASE STUDY:

#### Intercompany property transfer

A property transfer at fair value from a subsidiary to the parent company resulted in a profit of over £1 million in the subsidiary. This profit was not eliminated on consolidation with the result that profit on consolidation and group net assets were overstated by £1 million. This led to a prior period adjustment in the next set of consolidated financial statements following ICAEW's monitoring review.

### CASE STUDY:

#### Loan classification

A loan of over £5 million was presented as due after more than one year, with a misleading impact on the current ratio and users' view of the ability of the company to settle its debts at the balance sheet date. We identified from our review that this classification reflected an expected payment profile for the debt, with the formal agreement to extend payment terms only in place many months after the balance sheet date.

#### Related party disclosures

Some more common disclosure deficiencies are linked to related party disclosures. These include loans to/from directors and transactions with related companies not disclosed in the financial statements despite being evident from our review of information in the audit file.

The root cause of these errors is often attributed to lack of time and attention by audit RIs and staff at the completion stage of the audit. Where firms use disclosure checklists, too often these are tailored (incorrectly) and completed by inexperienced members of the team. RIs and managers can seem to prioritise process (eg, review of working papers and signing off checklists) at the expense of the final output - the audit report on the financial statements themselves. No firm should underestimate the importance of accountancy and financial reporting for auditors, including in their regular training needs.

**"Key issues that lead us to conclude that an audit needs improvement or significant improvement, often fall into one of three categories: revenue/stock/contract balances."**

ICAEW Quality Assurance  
Department

## Common audit quality weaknesses continued

### Group audits

Towards the end of 2025, we started to review some audits at larger firms that had been completed under ISA 600 (revised). Our work has not identified any new issues arising from the revised standard. This is in line with our expectations.

The underlying principles for a good quality group audit are well-established. These start with group level planning and risk assessment, engagement with and direction of component auditors, supervision and the clear understanding and review of key aspects of component auditors' work. The group auditor also needs to take responsibility for the audit of the consolidation – sometimes dealing with material and complex journals relating to current and past acquisitions.

There are often complex judgements and estimates related to impairment assessments of goodwill and intangibles at group level, together with assessment of the carrying value of investments in the parent company balance sheet.

The impairment of parent company investments will reduce or even in some cases eliminate distributable reserves.

#### CASE STUDY:

##### Audit of European group

This UK audit firm completed audit work on the parent company and subsidiaries but there was no group-level planning, audit strategy or identification of significant components. The firm had not set group or component materialities.

#### CASE STUDY:

##### Global financial group

Over 90% of revenues for this UK audit firm are generated by overseas subsidiaries. There was very little evidence of its oversight and supervision of work undertaken by the component auditors. Instructions did not provide sufficient detail of testing required in areas of significant risk, and although the firm explained that it had reviewed the work done by the component auditors, no details were included on the audit file.

There are clear risks to audit quality when small and medium-sized firms take on group auditor roles where much of the business operates outside the UK, sometimes with much larger international network firms as component auditors.

We acknowledge that there are a limited number of firms that specialise in this work and have established relationships with those large, non-UK component auditors, but other firms need to be very cautious about accepting such engagements.

The reality is that there are international businesses that wish to be headquartered in the UK that have little interest in the quality of their group audit, with minimising audit fees the primary objective. As many small firms have discovered to their cost, large non-UK auditors do not willingly co-operate with, still less accept direction from, a relatively unknown UK audit firm.

**“There are clear risks to audit quality when small and medium-sized firms take on group auditor roles where much of the business operates outside the UK.”**

ICAEW Quality Assurance Department

# Wider monitoring activities

## Risk monitoring - audit firms and portfolios

Our Audit Risk team enables us to identify emerging risks within our audit firm population. The primary objective is to check that firms are aware of, and effectively manage, potential risks in their audit portfolio.

As referred to under the [Key risks to audit quality](#) section above and in our [2023/24 Audit Monitoring Report](#), we have highlighted movement of larger and more complex private company audits from the largest audit firms into mid-tier audit firms. Audit cessations data that ICAEW receives from firms suggests that there has been more stability in the audit market in 2025, with the number of cessations we received down by 23% compared to 2024.

Changes to the [UK Audit Regulations](#) from 1 June 2025 require notification of the movement of certain audits within 21 days of audit acceptance. We received over 100 notifications from firms in the period to 31 December 2025 and have either had, or expect to have, further contact with firms about these new audits in c 50% of cases.

## Risk monitoring - audit firm structure

In 2025 we also selected a small number of the audit firms that operate within larger structures of connected accountancy and other professional services firms, including some with private equity investment. These audit firms typically have more complicated governance and share ownership arrangements to enable them to

demonstrate control by individuals with the appropriate audit qualification in accordance with Companies Act 2006 and requirements of the Audit Regulations.

We reviewed publicly available financial statements for these sampled audit firms and their connected entities to assess whether accounting policies and financial reporting judgements were consistent with our understanding of the audit firms' structure and governance.

In some cases, we identified concerns about financial reporting practices of either the audit firm or of companies that were connected to the audit firm. We consider that high-quality financial reporting by audit firms and those connected with them is critical to maintain public confidence in the audit work that firms undertake for their clients.

## Continuing professional development (CPD)

Firms continue to report competence and training among the key root causes of poorer quality audit work. The need for firms to have appropriate procedures to ensure that all of those involved in audits are competent for the work they undertake is an integral part of an effective system of quality management and required by Audit Regulation 3.17. This area has always been assessed as part of our audit monitoring visits to all non-PIE audit firms.

The [ICAEW CPD Regulations](#) introduced from 1 October 2023 provided more structure to support RIs and ICAEW-qualified members of staff. We started separate CPD monitoring in 2025, including firm-wide work on a sample of large audit firms and review of records for individual RIs. We shared key findings from the first year of this work in our [CPD Monitoring Insights webinar](#) on 23 October 2025.

**"We received over 100 notifications from firms... and have had, or expect to have, further contact with firms about these new audits in c 50% of cases."**

ICAEW Quality Assurance Department

# Looking forward - Audit reform

On 20 January 2026 the UK Government confirmed that it was scrapping the Audit and Corporate Governance Reform Bill. We understand the disappointment of some in the sector, especially in relation to the stated aim to hold company directors to account for existing corporate reporting responsibilities.

Weaknesses that we identify on audits can reflect poor financial reporting and governance in audited entities. Even the strongest auditor will struggle to comply with all relevant standards in the face of widespread audit risks, where complex business models are accompanied by poorly resourced or inexperienced finance teams. This is why the outcomes of our visits depend on wider factors than simple measures of audit quality, and our focus is on improvement rather than enforcement except in serious cases.

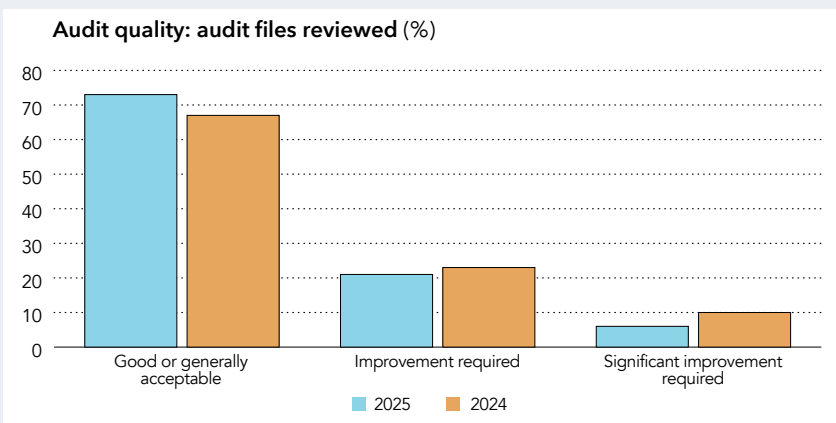
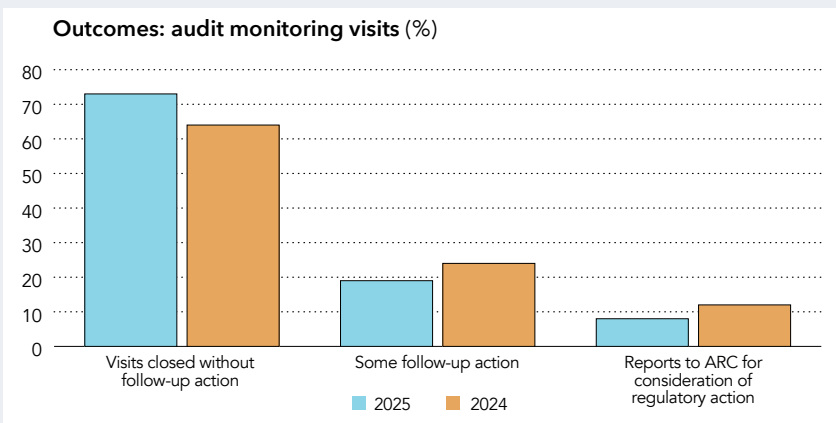
UK statutory auditors remain in a hugely privileged position to drive improvement in the financial management and reporting of companies and other entities. The power to delay or modify audit reports, and resign as auditor if necessary, is substantial. This is why audit regulation, including auditors' adherence to standards and the highest expectations of objectivity and independence, is critical to the public interest.

Our audit monitoring work will continue to assess the quality of work done by ICAEW-registered audit firms across a wide cross-section of audits, from small charities and small and medium-sized enterprises (SMEs) to the largest UK private companies.

**"... audit regulation, including auditors' adherence to standards and the highest expectations of objectivity and independence, is critical to the public interest." "**

ICAEW Quality Assurance Department

# The results of audit monitoring



The graphs on the left show the results of our audit monitoring visits in 2024 and 2025, both in terms of the audit quality in audit files we reviewed and the overall outcomes of our visits.

Overall conclusions are drawn at a firm-wide level for each monitoring visit. The visit outcome for each firm incorporates not only an assessment of overall audit quality (considering all file reviews carried out at the firm) but also an assessment of the adequacy of the firm’s policies and procedures (non-PIE firms only), evaluation of the firm’s root cause analysis for more significant findings and the firm’s commitment and ability to address the findings. These assessments can result in very different visit outcomes.

Follow-up action may include:

- a request for further details of a firm’s planned actions
- submission of cold file reviews of subsequent audits
- details of audit training courses.

Regulatory action taken by ARC can include:

- formal conditions on a firm to undertake hot or cold file reviews on all, or a selection of audits
- restrictions on acceptance of new audits, or new listed audits
- regulatory penalties or referral to the Conduct Department for further investigation
- withdrawal of audit registration.

**Action in the public interest**

During 2025, ARC imposed conditions or restrictions on the audit registration of 32 firms (2024: 41 firms), and withdrew audit registration from two firms, with publicity (2024: nil).

# Other audit monitoring work

## Local public audit

ICAEW is the recognised supervisory body under the [Local Audit and Accountability Act 2014](#) for audit firms registered to carry out local public audit work in England.

During 2025 our activity was at a very low level due to the commitment that we gave, alongside the FRC, not to perform further reviews of routine local government audits for financial years up to and including 2023/24 unless there was a clear case in the public interest to do so. This measure supports the local audit system to recover from delays in the publication of audited accounts.

In 2025 we completed local public audit monitoring visits to three audit firms. This included the review of three audits and all were either good or generally acceptable.

We also carried out audit monitoring work under contract for Audit Wales, Northern Ireland Audit Office, Audit Scotland, Jersey Audit Office, the Tynwald Auditor General and NHS England.

## Crown Dependencies and British Overseas Territories

ICAEW is a body approved by the Jersey Financial Services Commission, Guernsey Registry and Isle of Man Financial Services Authority to monitor the compliance of auditors with rules for the audit of market traded companies. We completed four visits in 2025. We reviewed one audit at each firm, and all audits were either good or generally acceptable.

We also carried out audit monitoring work under contract in Gibraltar and the Cayman Islands.

**“The list of requirements needed for the visit was a useful guide. This allowed us to prepare properly for the visit and collate most of the supporting information.”**

ICAEW-registered audit firm

# Feedback from firms

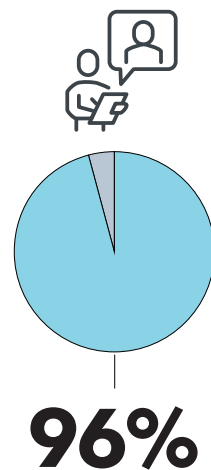
After each monitoring review firms are asked to complete an anonymous survey to provide feedback on the review process, the quality of interaction and the support provided. The survey responses are collated and analysed by an independent research agency.

Over the year, 96% of firms were satisfied with how we managed the review process (2024: 97%), and 97% were satisfied with the interaction with our reviewers and the wider QAD team (2024: 95%).

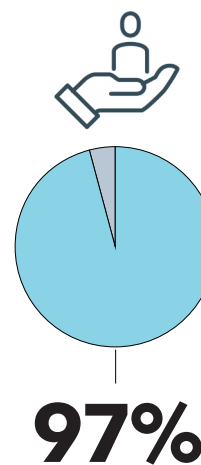
**“The reviewer appreciated the scalability of the ISQM requirements for the size of our firm.”**

ICAEW-registered audit firm

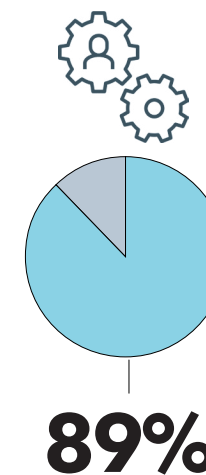
## Quality Assurance Monitoring Feedback Figures 2025



satisfaction with the management of the monitoring process.



satisfaction with the quality of interaction with the ICAEW team (reviewers, support team).



satisfaction with the technical competence of the ICAEW reviewer who completed the firm/IP's review.

Sample size: 543 respondents

1,444 survey invitations sent

37.6% response rate

# Using audit monitoring insights to support audit quality

Education plays an important role in our approach to audit regulation. Alongside formal oversight we provide practical resources to help audit firms understand regulatory expectations and address common issues identified through monitoring activity. This approach supports the ICAEW Regulation and Conduct 2030 Strategy, which sets out our role as an improvement regulator, acting in the public interest to raise standards through continuous improvement.

During 2025 we continued to develop and promote a range of educational resources informed by audit monitoring activity and changes to the Audit Regulations. These resources were designed to help firms focus on areas where monitoring reviews commonly identify challenges, and to support consistent application of audit requirements across firms of all sizes.

A key part of this activity was the Audit Monitoring Insights webinar series, delivered by our Quality Assurance Department and attended by more than 1,500 people. The 2025 programme covered audits carried out by smaller firms, larger and more complex audit engagements, ISQM 1 implementation and the Ethical Standard. Each session shared observations from recent monitoring reviews and discussed recurring issues. Webinar recordings were made available on demand and supporting articles were published to allow firms to revisit the content and share it more widely within their teams.

We also published a programme of supporting articles during the year. These included the *Safeguarding the quality of your audits* series and guidance on audit eligibility, regulatory notifications and arrangements for sole practitioners.

These activities show how we use insight from audit monitoring reviews to shape practical education and guidance, helping firms understand expectations, address common issues and improve audit quality over time.

## Crossing the Line - educating through film

In 2025, we launched [Crossing the Line](#), a groundbreaking educational drama designed to deepen understanding of audit quality, professional scepticism and ethical decision-making across the profession. The film is the fourth in ICAEW's series of high-impact training dramas and was developed to bring to life the complexities and pressures auditors face in real-world assignments.

Written by our Chief Officer Professional Standards, Duncan Wiggetts, the film follows two audit teams engaged in contrasting assignments - at a high-growth listed software company and a struggling football club - with their decisions intersecting as the storyline unfolds. The plot covers core audit themes including integrity, auditor independence, revenue recognition, contingent liabilities and engagement quality reviews, prompting reflection on professional conduct and judgement in challenging contexts.

Production involved the casting of several well-known TV actors and a two-day hire of a Championship football ground to bring to life the

## Using audit monitoring insights to support audit quality continued

football audit storyline. The film was designed with structured learning in mind. Supporting materials - including a facilitator's guide, discussion questions and character profiles and helpsheet for football terms used in the film - enable workshops and team sessions that elevate the film beyond passive viewing to active learning.

The film premiered to a full audience at Chartered Accountants' Hall in May 2025 and was made available free of charge to all ICAEW-registered audit firms in the UK. Global networks and firms not registered with ICAEW are also able to access the film via a licensing arrangement, supporting ICAEW's ambition to enhance audit quality globally.

Engagement has surpassed all expectations: the trailer attracted over 3,000 views prior to the premiere, and

by year-end, more than 500 firms had already embedded the film within their training programmes. In a determined effort to bring the film to the widest possible audience, screenings have taken place around the world - from Cyprus to Abu Dhabi, Cardiff to Singapore, and the Cayman Islands to Kuala Lumpur.

With over 700 feedback forms received by the end of the year, 98% of viewers rated the film 4 or 5 out of 5. One viewer reported that its dramatic format creates a "safe space" to explore difficult decisions and reinforces key audit principles in ways traditional training often cannot.

By combining storytelling with technical and ethical insight, *Crossing the Line* has become a core resource in ICAEW's efforts to drive improvements in audit quality and protect public trust.



Crossing the Line  
- educating through film

**"Excellent, deeply thought provoking, brings ethics and audit quality to life in a way that traditional training can't do."**

ICAEW-registered audit firm

# Help and resources

[Audit monitoring insights 2026: themes, risks and what good looks like](#)

Wednesday 29 April 2026

1-2pm

[Register now](#)



→ [Audit News](#)

→ [Regulation and Conduct News](#)

→ [CPD learning and resources](#)

→ [Audit guidance](#)

→ [Regulation and Conduct LinkedIn](#)

→ [Helpsheets](#)

[Audit monitoring insights 2026: ISQM 1](#)

Tuesday 8 September

1-2pm

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**"The reviewer made it a very positive experience and not just a "tick box" exercise. A necessary process performed with expertise and good humour."**

ICAEW-registered audit firm

## ICAEW's regulatory and conduct roles

Our role is to help ICAEW members and firms to maintain high professional standards and hold them to those standards. We act in the public interest to strengthen trust in ICAEW members and firms by raising standards through a programme of continuous improvement.

ICAEW's regulation and conduct roles are separated from ICAEW's other activities through internal governance so that we can monitor, support and take steps to ensure change if standards are not met. These roles are carried out by the Professional Standards Department and overseen by the ICAEW Regulatory Board and oversight regulators including the Financial Reporting Council, Office for Professional Body Anti-Money Laundering Supervision, the Insolvency Service and the Legal Services Board.

We:

- **authorise** firms and individuals to undertake work regulated by law: audit, local audit, investment business, insolvency and some legal services such as probate;
- **support** professional standards in general accountancy practice through our Practice Assurance scheme;
- **provide** robust anti-money laundering supervision and monitoring;
- **monitor** registered firms and individuals to ensure they operate in accordance with laws, regulations and expected professional standards;
- **investigate** complaints and hold ICAEW Chartered Accountants and students, ICAEW-supervised firms and regulated and affiliated individuals to account where they fall short of the required standards;
- **respond** and comment on proposed changes to the law and regulation; and
- **educate** through guidance and advice to help ICAEW's regulated community comply with laws, regulations and expected professional standards.

\* includes parent companies. Source: ICAEW member data March 2026,

Interbrand, Best Global Brands 2024

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Chartered accountants are talented, ethical and committed professionals. ICAEW represents more than 211,600 members and students around the world. 81 of the top 100 global brands employ ICAEW Chartered Accountants.\*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor around 11,500 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is working towards becoming net zero, demonstrating our commitment to tackle climate change and supporting the UN Sustainable Development Goal 13.

ICAEW is a founding member of Chartered Accountants Worldwide (CAW), a global family that connects over 1.8m chartered accountants and students in more than 190 countries. Together, we support, develop and promote the role of chartered accountants as trusted business leaders, difference makers and advisers.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

[charteredaccountantsworldwide.com](https://www.charteredaccountantsworldwide.com)  
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ICAEW is working  
towards becoming net  
zero