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the Economy

Audit partner observations on a range of topics, including the overall health of the economy, business transformation, quality of corporate disclosures and more

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The Center for Audit Quality (CAQ) has released the results of a new survey series, the Audit Partner Pulse Survey, aimed at gathering U.S. public company audit partner observations on a range of topics, including the overall health of the economy, business transformation, quality of corporate disclosures and more. This survey of audit partners is the first of its kind, providing objective views by industry and sector.

“We’re excited to launch this first of its kind survey of the US public company audit industry that will offer a bird’s-eye view of the state of the economy that only auditors can provide,” said Julie Bell Lindsay, Chief Executive Officer of CAQ. “Due to the nature of our work, which necessarily includes risk assessment as part of every audit, auditors obtain unique insights across a broad spectrum of industries. The

analysis in this survey provides valuable, independent observations on the state of

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- Most audit partners are not optimistic on the economic outlook over the next 12 months (84% responded pessimistic or neutral).
- The top economic risks to businesses over the next twelve months were identified by audit partners as inflation, labor shortages, and supply shortages and supply chain disruptions.
- 75% of audit partners believe that inflation will be a factor for more than the next 12 months.
- 77% of audit partners believe that companies will raise prices for consumers by more than historical trends to offset the impact of inflation. Consumer and industrial products are the leading industry sectors in this regard with price increases expected by 95% and 94% of partners, respectively.

More Progress Needed in Cybersecurity

- Audit partners also think more progress is needed in cybersecurity. Apart from communications between management and the board, where significant progress was observed by 54% of respondents, half or more of the audit partners surveyed reported companies have more work to do across the remaining surveyed cybersecurity areas.

Top Corporate Priorities in This Economic Environment

- Talent and labor was identified by audit partners as the single most important corporate priority for 2022.
- Increasing workplace flexibility and increasing employee compensation were the top talent and labor priorities identified by audit partners for corporations.
- Audit partners reported that climate change is both a short- and long-term priority for public companies, but cited reporting challenges. Nearly two-thirds of audit partners (63%) said businesses take climate change into account when developing their corporate strategy.

- Accepting cryptocurrency as a form of payment does not appear to be a priority for

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