

# Our commitment to audit quality

Information for audit committees, investors and other stakeholders

2022 summary of metrics

Ernst & Young LLP  
January 2023



Building a better  
working world





This summary lists those metrics that are included in the EY US 2022 audit quality report.

## Our commitment to serving the public interest

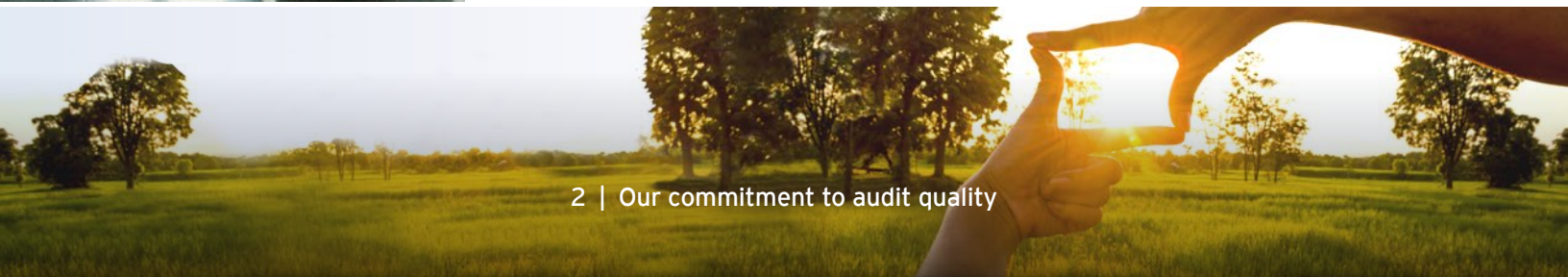
- 1** We have **49** partners and managing directors in our EY US independence group to support our audit teams.

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- 2** In the most recent reporting year, we tested more than **2,600** US partners and other professionals for their compliance with our independence policies, as part of our firmwide system of quality control.

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- 3** In collaboration with Tapestry Networks, EY US sponsors networks of audit committee chairs representing more than **250** companies.

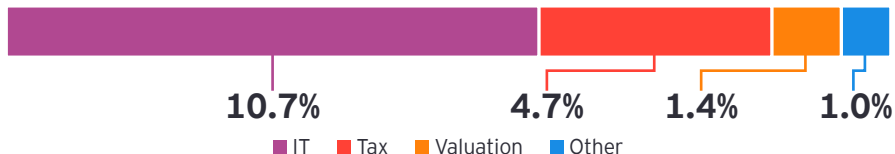




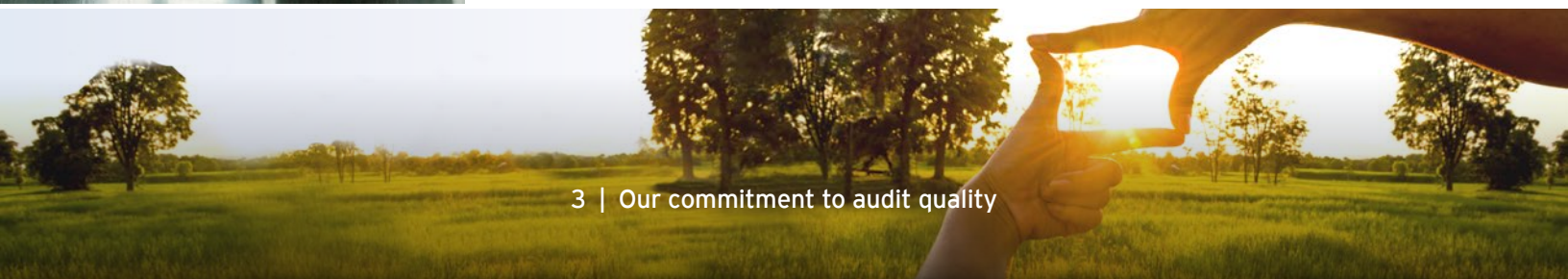
## Innovating and executing the audit

- 1 About **63%** of our audit partners serve as the partner in charge of a public company audit. If audit partners who serve as engagement quality reviewers on public company audits are included, the percentage rises to **82%**.
- 2 We have additional partners on **33%** of our public company audits to assist the partner in charge of our larger and more complex audits.
- 3 In fiscal 2022, EY US specialists, who are members of our audit teams and are highly valued by EY, accounted for a total of **17.8%** of our US public company audit hours, which is consistent with 2021. IT specialists accounted for **10.7%** of US public company audit hours. Tax, valuation and other specialists' time represented **4.7%**, **1.4%** and **1.0%** of total US public company audit hours, respectively.

### **17.8%** Percentage of US public company audit hours generated by EY US specialists



- 4 In fiscal 2022, offshore professionals who support the EY global organization accounted for **20%** of US audit hours, compared with **18%** the previous year.
- 5 In fiscal 2022 (mostly audits of 2021 financial statements), our teams performed **36%** of their work three months before the company's year-end and **62%** of their work before the company's year-end.







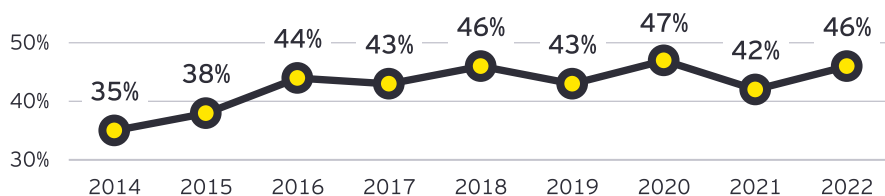
## Our people

1

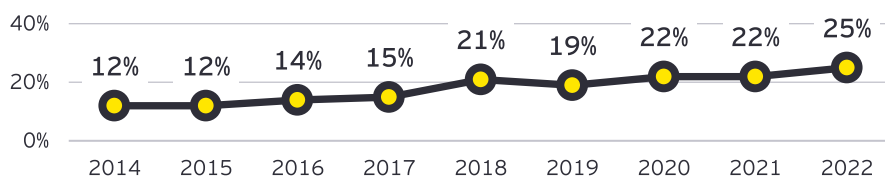
In the US audit practice, we have over **350** EY Circles, which are small groups where audit professionals can meet several times a year to discuss matters that impact them.

2

**Percentage of newly promoted audit partners/managing directors who are women**



**Percentage of newly promoted audit partners/managing directors who are racially and ethnically diverse (R&ED)<sup>1</sup>**



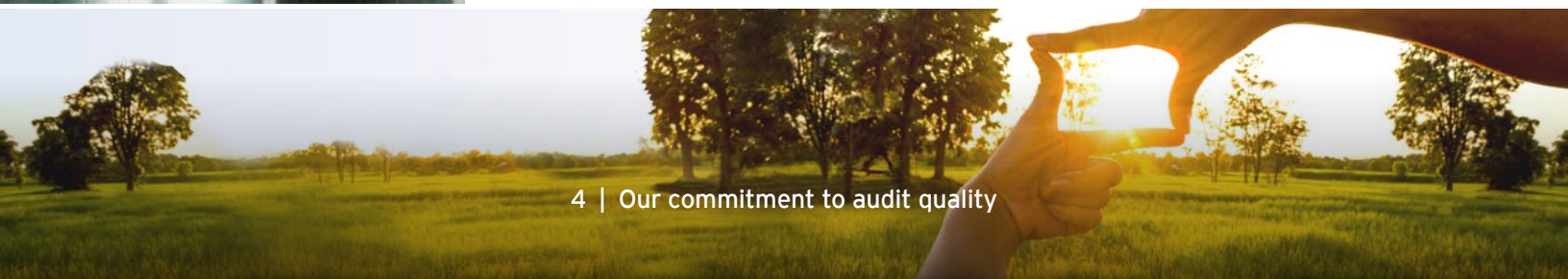
<sup>1</sup>R&ED includes individuals who identify as American Indian/Alaskan Native, Black or African American, Asian, Hispanic or Latinx, Native Hawaiian or other Pacific Islander, or two or more races or ethnicities.

3

In our campus hiring, **50%** of our recruits in fiscal 2022 were women and **40%** were R&ED.

4

Our retention rates for both women and R&ED professionals at the senior manager/manager ranks exceeded our overall retention rate of **74%** for these ranks. At the senior/staff ranks, our retention rate for women was consistent with our overall retention rate of **73%**, but our retention rate for R&ED professionals in this group was slightly lower.





**5** In 2022, **28%** of the partners in charge of public company audits were women and **11%** were R&ED, up from **25%** and **8%** two years earlier, respectively.

**6** We expect women or R&ED partners to lead **30%** of our most complex multinational public company audits for periods beginning in 2023, up from **28%** two years earlier.

**7** **Four out of the seven** partners who manage our audit practice at the regional level are women or R&ED professionals.

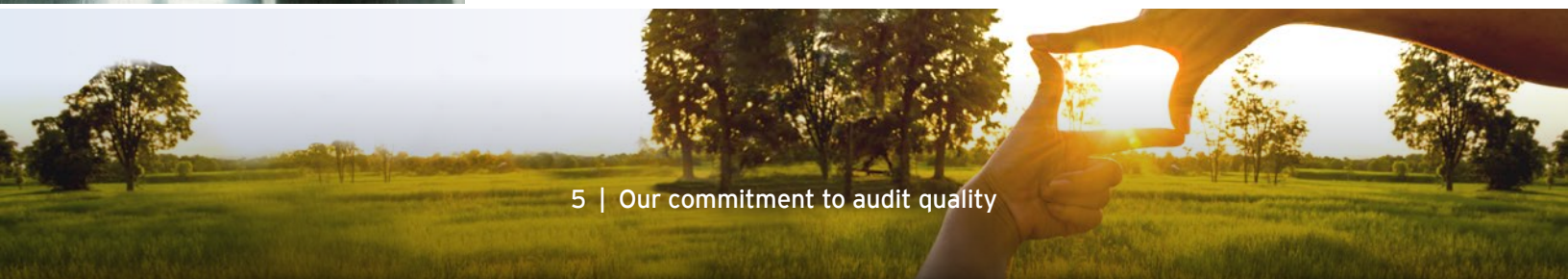
**8** **Ten of the 15** current members of our US Executive Committee are women or R&ED professionals.

**9** Percentage of women in our US audit practice

	2022	2021	2020
Partners and managing directors	34%	32%	32%
Senior managers and managers	48%	48%	47%
Seniors and staff	50%	49%	47%
<b>Total</b>	<b>47%</b>	<b>47%</b>	<b>45%</b>

Percentage of R&ED professionals in our US audit practice

	2022	2021	2020
Partners and managing directors	13%	12%	11%
Senior managers and managers	28%	27%	28%
Seniors and staff	36%	34%	33%
<b>Total</b>	<b>32%</b>	<b>30%</b>	<b>29%</b>







**10** Number of US audit professionals (on a full-time equivalent or, FTE, basis)<sup>1</sup>

	Fiscal 2022	Fiscal 2021	Fiscal 2020
Partners and managing directors	1,159	1,142	1,181
Senior managers and managers	2,458	2,575	2,564
Seniors and staff	7,133	7,218	7,325
<b>Total</b>	<b>10,750</b>	<b>10,935</b>	<b>11,070</b>

<sup>1</sup>The figures in this table do not include offshore professionals who support the EY global organization. The number of hours these professionals worked on US public and private company audits was the equivalent of having another 2,618, 2,291 and 2,064 full-time auditors in fiscal years 2022, 2021 and 2020, respectively.

**11** US audit overall staff through senior manager retention rate by rank

	Fiscal 2022	Fiscal 2021	Fiscal 2020
Senior managers and managers	74%	72%	85%
Seniors and staff	73%	69%	79%

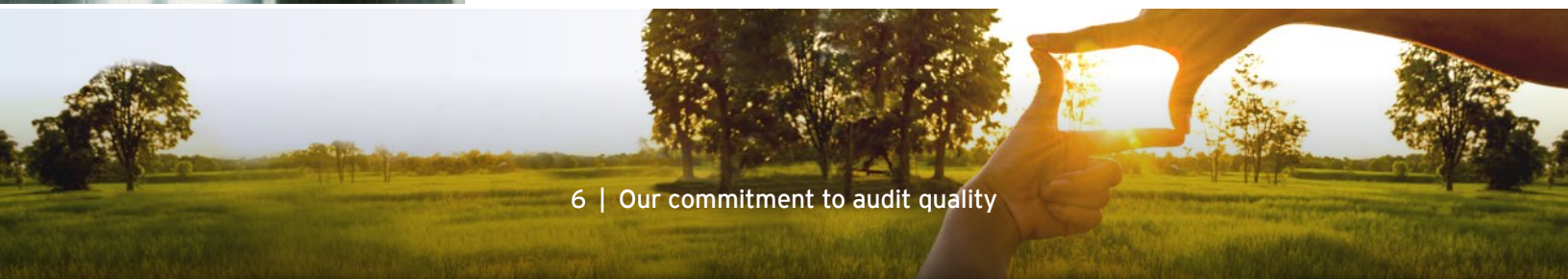
**12** We retained a higher percentage of our audit professionals in fiscal 2022 than we did the previous year, but our total retention rate of **74%** was still below our historical rate of approximately **78%**, due to the Great Resignation and the strong job market.

**13** Our retention rate for top-rated senior managers and managers is **79%**, which is higher than our overall retention rate for professionals at these ranks. Our retention rate for top-rated seniors and staff is similar to the overall retention rate for professionals at these ranks.

**14** In our latest survey in November 2022, **79%** of our people said “my EY experience is exceptional,” a substantially higher percentage than in 2021.

**15** Average annual hours in excess of 40 hours per week by rank

	Fiscal 2022	Fiscal 2021	Fiscal 2020
Partners and managing directors	373	401	393
Senior managers and managers	287	290	298
Seniors and staff	203	212	226





**16** Our partners and managing directors who coach, mentor and supervise more junior professionals have on average **21.0** and **18.5** years of service, respectively.

**17** Ratios of audit executives to other audit professionals

	Fiscal 2022	Fiscal 2021	Fiscal 2020
Partners and managing directors to staff through senior managers	1 to 8.3	1 to 8.6	1 to 8.4
Senior managers and managers to seniors and staff	1 to 2.9	1 to 2.8	1 to 2.9

**18** In 2022, our audit professionals completed approximately **115,000** hours of digital audit training, much of it embedded in our core audit training. This training followed the **190,000** hours of training on digital auditing our professionals completed in 2022.

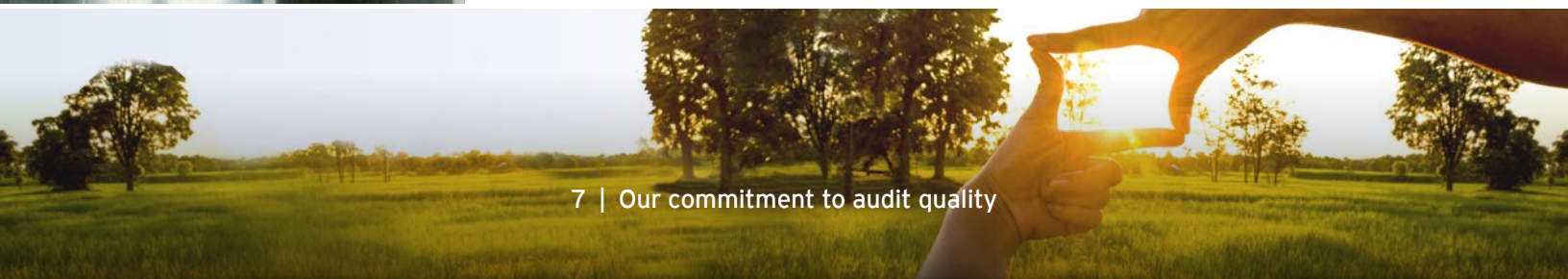
**19** Average hours of continuing professional education by fiscal year

2022	2021	2020
85	97	96

**20** In fiscal year 2022, we hired more than **2,200** people from college and university campuses.

**21** We are proud to report that **eight** EY US professionals were among the **57** people who were recognized by the AICPA with Elijah Watt Sells Awards for achieving exceptional results on the CPA exam in 2022.

**22** In 2022, about **700** winter interns and more than **1,400** summer interns gained experience working in our audit practice.







## Supporting our teams

1

There are roughly **120** professionals who make up our national Quality Network embedded in our Regions. The Quality Network is a group that focuses on proactively improving audit quality by coaching our audit teams and performing other quality-related support activities.

2

Nearly **600** public company audit teams received coaching or workpaper reviews in fiscal 2022.

3

Our Professional Practice group, which includes approximately **100** partners and **30** managing directors, supports our audit practice by consulting with our teams on difficult accounting, auditing, and SEC and other regulatory matters.

4

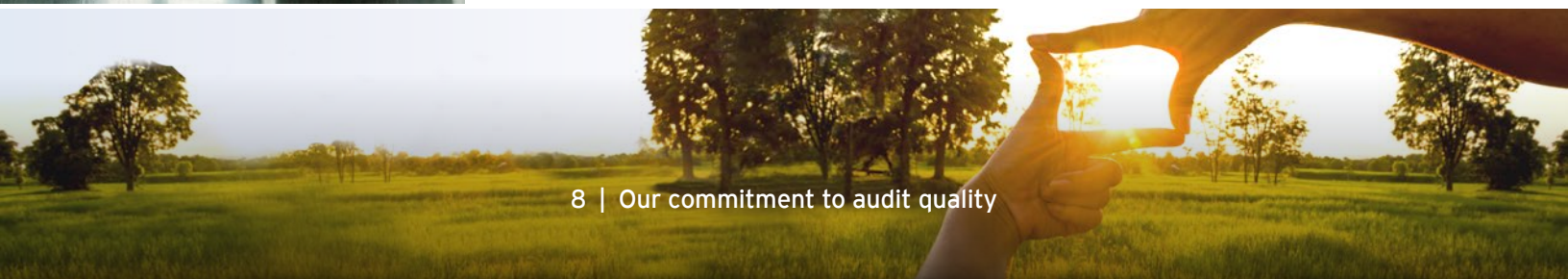
Over the last three years, our Professional Practice partners have conducted an average of **2,200** formal consultations annually with audit teams on audit and accounting topics.

5

Our Innovation Network, the centralized data service delivery model for EY US, continues to provide our teams with access to approximately **600** data analytics professionals who can help them efficiently capture data from the companies we audit and use it effectively in the audit.

6

Our ratio of Quality Network and Professional Practice partners and managing directors to audit partners and managing directors was **1 to 6**.





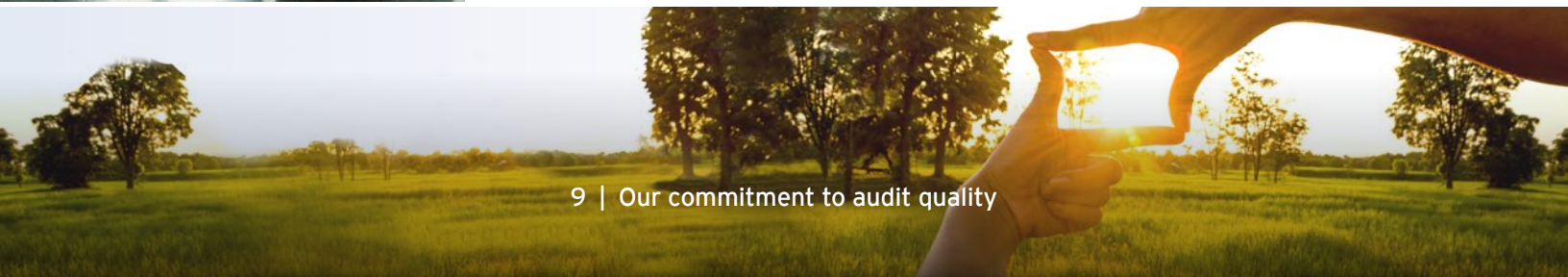


## Monitoring

- 1** In 2022, we inspected approximately **200** public and private company audits (generally of financial statements for the year ended 31 December 2021).

In 2021, **18** of the companies we audit (**1.7%**) disclosed restatements and reissued their financial statements, including **17** related to accounting for warrants issued by SPACs. In 2020, **three** of the companies we audit (**0.3%**) reissued their financial statements, and in 2019, only **one** (**0.1%**) did. The percentages are based on the approximately **1,650** issuers we audit, which includes about **550** mutual fund issuers in each of the past three years in addition to the SEC registrants we audit.

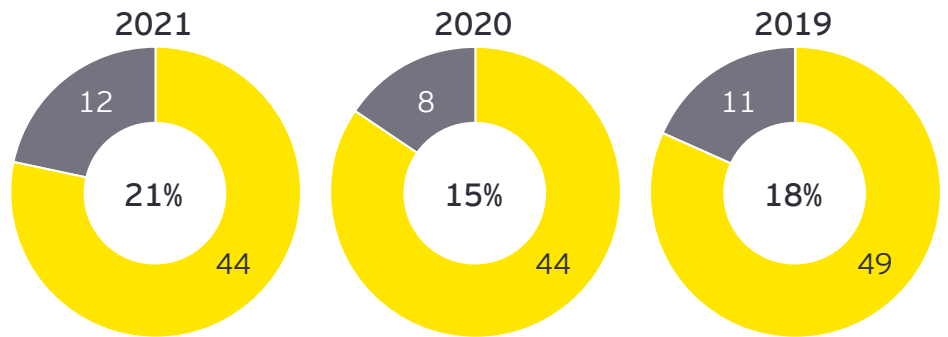
- 2**



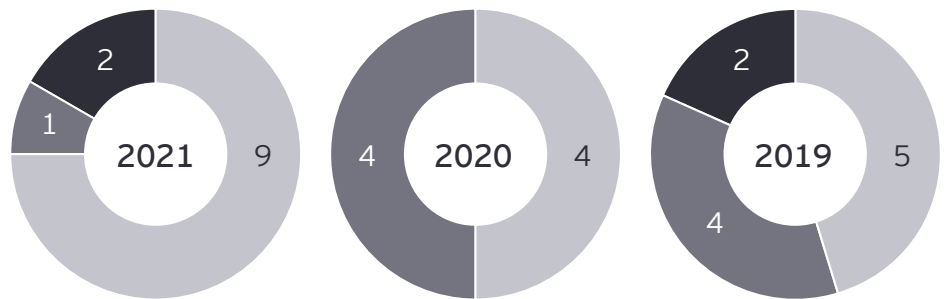


## External inspections

The graphics below reflect Part I.A findings in our PCAOB inspections through the 2021 inspection cycle, which generally covers our audits of 2020 financial statements and is the latest report the PCAOB has released.



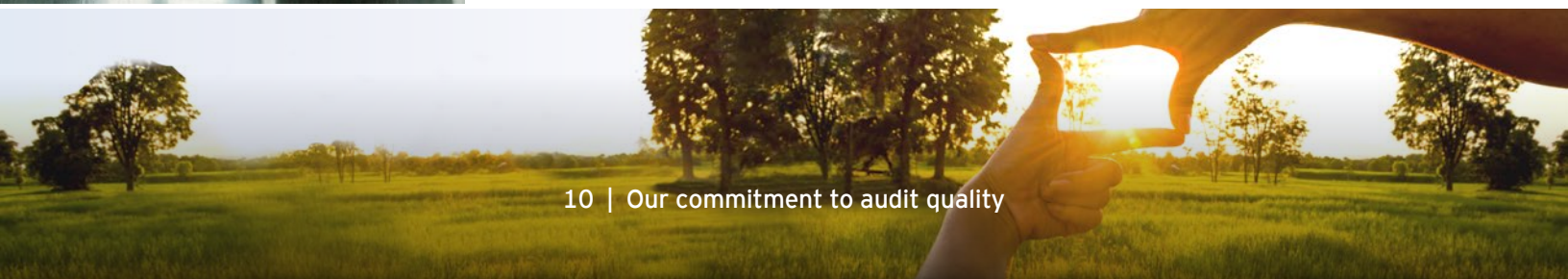
■ Audits without Part I.A deficiencies    ■ Audits with Part I.A deficiencies



■ Deficiencies in both financial statement and ICFR audits

■ Deficiencies in the financial statement audit only

■ Deficiencies in the ICFR audit only





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