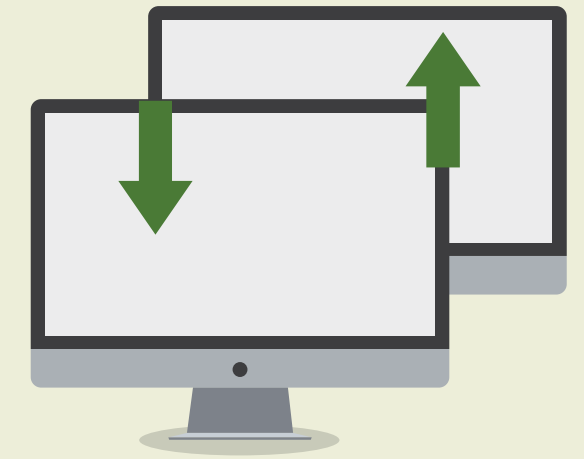


# How Shared Auditors Enhance Audit Quality

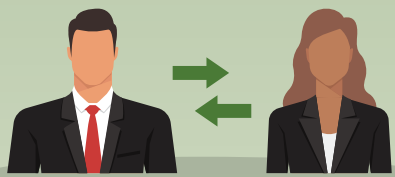
Audit quality depends on auditors' knowledge, but there is a limited understanding of the factors contributing to this knowledge in archival literature



Researchers examine whether the information transfers that occur during the audit of related companies in banking relationships lead to an improvement in audit quality



## An archival approach to study the effects of auditor sharing among firms on audit quality



Information transfers from auditing both the bank and the borrower in a banking relationship lead to:



Improved audit quality



More accurate loan-loss provisions for lenders, specifically for lenders with smaller commercial loan portfolios



Accurate going-concern reporting for borrowers that subsequently fail

**Shared auditors in banking relationships improve the auditor's knowledge, which can be applied across clients and industries**