



The Institute of  
Chartered Accountants  
in Australia



## Business/Higher Education Roundtable Program

B-HERT is a not-for-profit organisation that was established in 1990 to strengthen the relationship between business and higher education. It is the only organisation with members who are leaders in higher education, business, industry bodies and research institutions and is an ideal partner in creating the roundtable program.

On 26 September, the Institute of Chartered Accountants Australia, in partnership with CPA Australia and the Business/Higher Education Roundtable (B-HERT) launched the Accountancy Roundtable series in Melbourne. This inaugural Accountancy Roundtable featured the Institute's Lee White, Executive General Manager –Members who spoke on *The Future of Auditing*.

More than 20 academics, accounting firm directors and partners, and representatives from the Institute participated in some robust discussion on key issues facing the auditing profession.

The topic, *The Future of Auditing*, was selected because of the increased responsibilities required of the auditing profession in the rapidly changing global economy. While change is occurring everywhere, the pace of acceleration is being felt unevenly on an international basis with variable government support. This means the audit role becomes even more challenging for those who establish standards and for those who oversee the profession and monitor Auditors' performance.

## Accountancy Roundtable: The Future of Auditing, 26 September 2011

The Accountancy Roundtable was established to bring together industry professionals, academics and practitioners to discuss leading edge issues within the profession. The inaugural Roundtable, *The Future of Auditing*, was held on 26 September, hosted by ICAA.

In introducing the Roundtable, Prof James Guthrie, Head of Academic Relations ICAA, asked the central question, *how do we sustain the auditing profession?* He outlined issues affecting its sustainability that include:

- Attracting the best and brightest to the profession;
- Identifying the skills the auditors requires in 2011;

- The impact of globalisation in the financial markets;
- Increasing complexity of auditing across national borders;
- Increasing amount of information required by auditors;
- Sophistication of technology and its impact on auditing;
- Legitimacy of the auditing profession and the role of assurance.

All of these issues and more present challenges concerning skills that need to be embedded into the profession's graduates. Increasing public interest means that ethical responsibilities as part of the auditors' process needs to take a higher profile within the profession.

Lee White, Executive General Manager ICAA as the guest speaker invited Amir Ghandar, Policy Advisor CPA Australia to challenge the roundtable participants about the future of auditing. For example, he raised the fundamental question as to what information in the capital markets moves those markets and most importantly, how much of that information is unaudited? If that is the case, then does that mean auditing itself is becoming less valuable? Is the 'Audit Committee' the primary acquirer of audit services?

Amir provided a short history as to the origin of auditing where the need for independent, trustworthy persons to provide assurance to investors in the 18<sup>th</sup> century following the need for patents to become legal instruments to 2011 where communications have changed so dramatically those stocks are held on average from 7 seconds to 7 months. Auditors have had to respond to the evolving need for information and have shifted their focus on hard (measurable) financial information to assure softer (less tangible) information. Integrity becomes even more central in this shift to the provision of soft information and its assurance.

This introduction raised the current issues confronting auditors. For example, regulatory space ie the level of non-audit services is being examined in the UK, as is the relationship between the company and the auditor? The whole issue of international standards continues to be a vexed question where the UK and Australia have adopted them but the EU is yet to endorse them. Other approaches are under consideration (eg regular firm rotation and compulsory joint audits).

The analysis of how to proceed is best put forward by the auditing profession itself as opposed to responding to regulatory demand. The need to use evidence-based research in putting forward reforms has often been neglected and should form part of the policy analysis. More attention needs to be paid to current research.

What is the global impact for Australia – is the risk of regulatory contagion going to affect Australia? How do we translate globally into the Australian

perspective? When do we foresee things settling down?

The issue of the profession itself was discussed. How do we attract the best and the brightest? How do we make the audit experience in practice as interesting in the university classroom as in the field?

Does the auditing profession undersell itself and how can we best promote the profession given the valuable services we provide? Should we be offering a more constructive and positive image of the profession?

How aligned is the training to the actual methodology? Do we need to build confidence into new types of assurance (eg cloud assurance, carbon, sustainability, enhanced business reporting, etc)?

The following major issues were identified as a result of the roundtable discussion:

- 1 There needs to be more synergy between the regulators' decisions and research, so that we have more informed and better decisions. Greater collaboration within the profession is needed.
- 2 We need to bring the interest level in the classroom to students' experience in the field. The audit process in the classroom should involve more case studies to attract and retain the best and the brightest. Greater course flexibility including work integrated learning was seen as a positive response.
- 3 The profession needs to ensure that what it offers is captured in the language it uses. The value and the services need to be clear.
- 4 The profession itself needs to understand its target audience and be strategic about how to sell the profession.
- 5 More interaction between the academics and practitioners is needed to keep everyone refreshed.

It was agreed that the discussion could have continued for hours and the issues identified need to be addressed.