

Public

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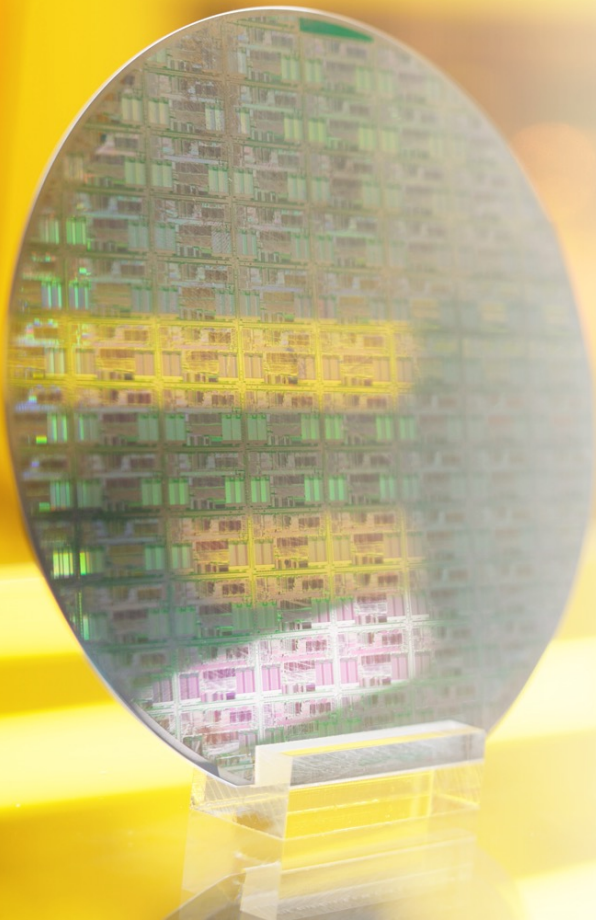
# Quo vadis, auditor?

CFO's expectations from the auditor

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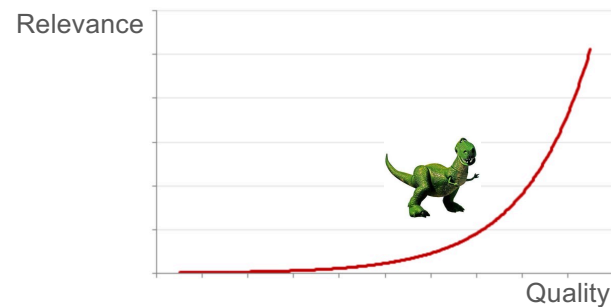
# Content

- Do you remember?
- The changing nature of business reporting
- My expectations of the audit profession
- Role of Audit Research

## Do you remember?

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- “Profit is for ‘suckers’”
- “There is nothing of real value on the balance sheet”
- Soon thereafter: accounting scandals; then GFC
- Result: emphasis on quality, culture, institutional
- Relevance discussion swept aside





## Changing nature of business reporting

- In a world dictated by Moore's law, with disruptive innovation and rapidly changing business models:
  - HFI still has value from a stewardship perspective
  - But history becomes less relevant in predicting future
- Historic financial information less than 10% of my time with investors
- Focus increasingly on prospective/non-financial/ESG



## My expectation of the audit profession (1)

- Make basic audit quality a no-brainer
- Dramatically increase the detection ability for fraud and going concern issues
- Step changes in efficiency
- Pro-active in identifying business reporting areas that benefit from assurance



## Make basic audit quality a no-brainer

- Significant progress has been made
- 34% IFIAR findings result is still too high
- Significant investments in AI, decision support to be made to further reduce findings percentage
- Audit research already quite focused here, can further contribute to quality of RCA



# Dramatically increase the detection ability for fraud and going concern issues

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- This is a change imperative
- RCA of recent cases to be better understood
- Significant investments to be made in AI, analytics to improve tooling of auditors
- Audit research should do a lot more to contribute to understanding the root cause of missed cases, and potentially help in tool building and/or testing based on findings within the RCA, serving as a platform to allow collaboration between firms



## Step changes in efficiency

- To date not visible to me
- Not in order to decrease the bill, but to free up time to add relevance
- More investment in tooling/innovation on the HOW
- Audit research can help in tool building/testing, and assisting in understanding where audit regulation might have to be adapted; platform function



## Pro-active in identifying business reporting areas that benefit from assurance

- Identify areas for assurance provision: longer term viability; risk paragraph; prospective information; ESG; etc
- Contribute to making accounting/disclosure and assurance rules and practice far more robust than today
- Don't fall for national, one firm-only, quick fix solutions
- Audit research can contribute by testing appetite, business models, tools

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## There is a change imperative for the eco-system

- The audit profession is at risk of losing its social relevance, its (entire) right of self determination and its people
- Firms need to invest, in different time horizons
- Audit research can watch from the sidelines, or get actively engaged.

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