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Talking talent

A conversation starter about attracting and retaining the most important ingredient for audit quality: people

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Foreword

Economic shocks. Technology disruption. Climate change. Political demagogues. Trade tensions. A global pandemic...

Few of us alive today have ever witnessed such a formidable combination of circumstances. Yet here we are in 2021, seeking to safely steer ourselves, our families and our communities through this unpredictable world.

Many of us are also steering organisations – private, public and not-for-profit. In doing so, we must take some of the biggest decisions of our professional lives amidst widespread uncertainty. And to do that, we require trusted information, impartial analysis and sound judgement.

Which is where audit comes in.

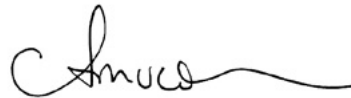
Quality audits enable leaders to make informed decisions about their organisations, investments and the economy. Such audits remove ambiguity and embolden us to make investments, improve services, and build a better future.

Make no mistake about it: society needs auditors more than ever.

But audit firms themselves are not immune to challenges. They too face uncertainty in many forms: from regulatory pressure to uneven working hours, and from digital transformation to changing workforce expectations. This is also against a backdrop of rising community and investor expectations.

These challenges have prompted many audit firms to look afresh at how they recruit, manage and retain auditors. Some are even questioning the traditional career paths that auditors have followed for decades.

We want to spark a conversation about the workforce challenges and opportunities that audit firms face. This playbook takes an unflinching look at these, sharing views from firms large and small. Together, we reflect on the audit workforce of today (and tomorrow) before exploring how firms are responding. We also outline how we, at Chartered Accountants Australia and New Zealand, are working towards solutions that give auditors more certainty in these uncertain times so that they can make a difference to businesses, communities and economies.

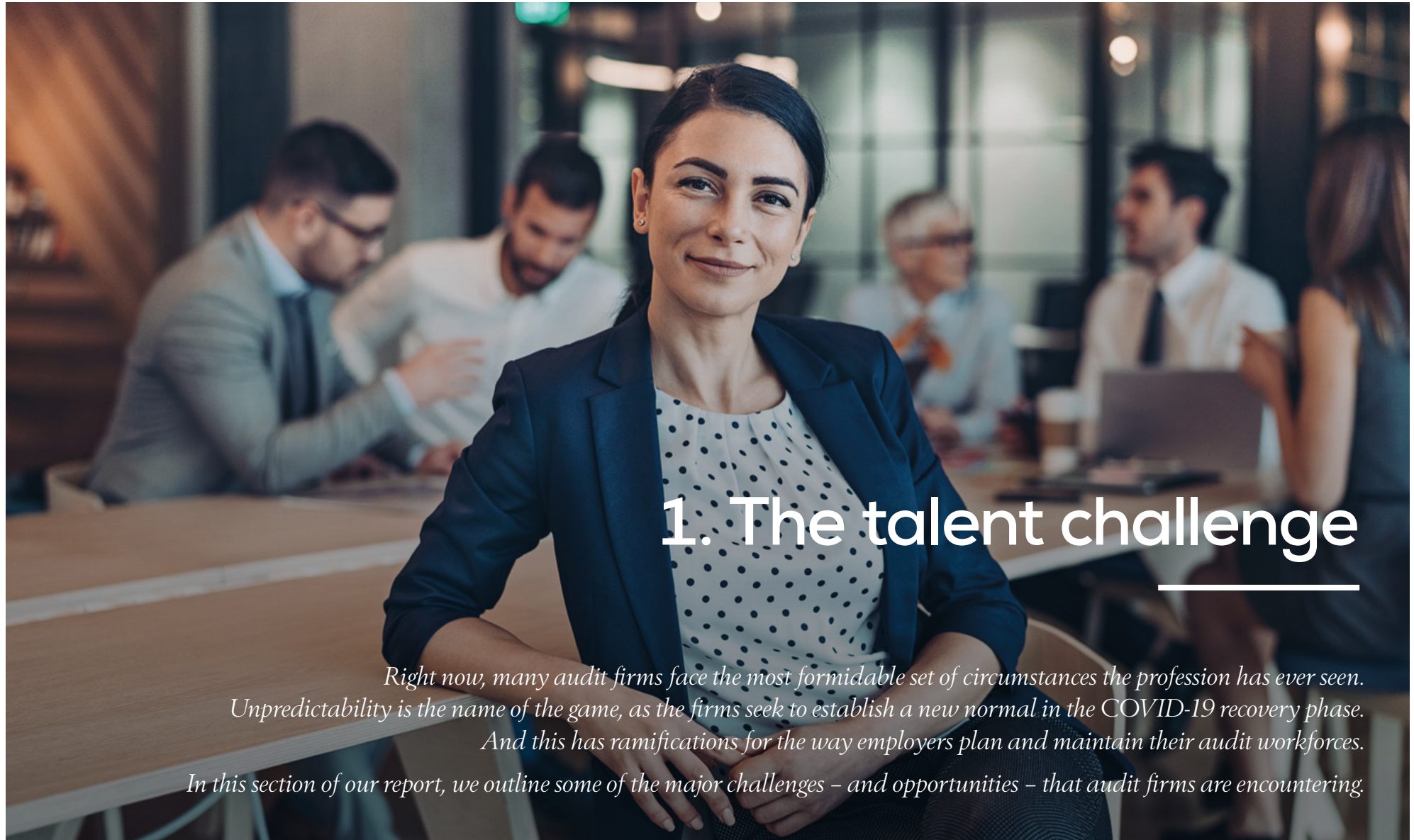


Ainslie van Onselen

CEO

Chartered Accountants Australia and New Zealand

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1. The talent challenge

Right now, many audit firms face the most formidable set of circumstances the profession has ever seen. Unpredictability is the name of the game, as the firms seek to establish a new normal in the COVID-19 recovery phase. And this has ramifications for the way employers plan and maintain their audit workforces. In this section of our report, we outline some of the major challenges – and opportunities – that audit firms are encountering.

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1.1 Steep peaks in workload

Auditor workloads tend to come in seasonal waves – some giant, others small. During peak reporting periods, auditors routinely work around the clock while, at other times, workloads dip considerably. The ‘war stories’ about long hours can perturb some people from joining the profession. Especially when faced with the prospect of juggling the audit workload with postgraduate study or family life.

Retention is a challenge for many firms, and talent shortages have been compounded by COVID-19 travel restrictions, which have prevented talent being imported seasonally from overseas. This bites hardest during the busiest auditing periods (post-March and post-June).

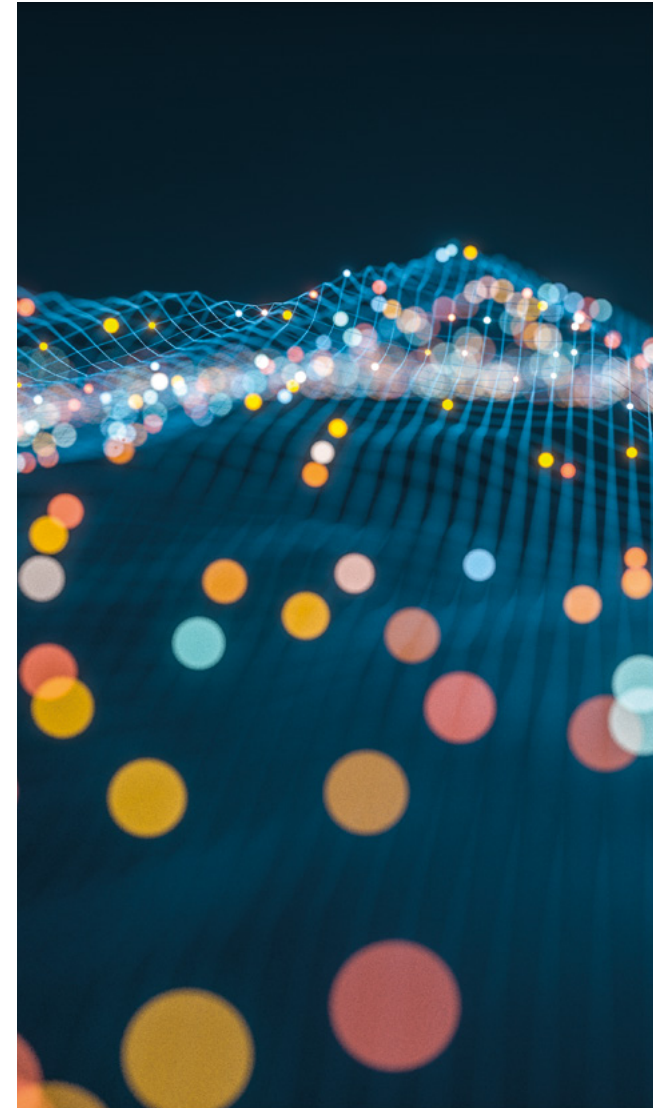
Jennifer Travers, Assurance and Advisory Solutions Lead, KPMG says: “Not being able to bring in people from overseas has affected the industry. Audit firms need to continue to look at creative ways to attract talent and the variety of experiences we offer our people.”

“The industry’s current issue is talent attraction and retention,” Travers says. “The industry has historically been able to supplement staff with experienced auditors through overseas secondments. That isn’t possible in the current environment, so firms are exploring out-of-the-box solutions to respond to this challenge.”

Jane Bowen, National Leader Audit Quality, BDO agrees. Bowen makes the point that more and more global entities now have December year-ends, so those workload ‘peaks’ are long.

“This makes the profession a less attractive proposition for professionals,” Bowen says. “There’s a huge emphasis on the peak-reporting period, but those ‘peaks’ are starting to become business-as-usual.”

This challenge is further discussed in section [2.1 workload](#).



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1.2 Workload opportunities

Of course, these workload challenges can spell opportunities, too.

Take workplace flexibility for instance. Audit has traditionally been seen as less flexible for a variety of practical and cultural reasons. Prior to COVID-19, some firms had a culture of ‘presenteeism’, where auditors were not seen to be adding value unless they are physically in the office or visiting clients. Lockdowns and social distancing restrictions forced a change in mindset when audit firms (and their employees) rapidly innovated to conduct audit work remotely.

Linzi Carr CA, Audit Partner, EY, believes the profession now has a “massive opportunity” to take the momentum of this innovation and embrace work flexibility. She points out that there’s now less expectation for auditors to be on-site for every client interaction.

“With audit, we can actually offer a level of flexibility that not all workplaces do,” says Carr. “If you’re a medical doctor then your shift’s your shift – you pretty much have to be in your surgery. But auditing offers more flexibility than that.”

Carr says that open communication with clients is required in order to build trust and manage expectations. This can help clients and auditors to strike the right balance between remote and on-site work. Not only will this help foster a good relationship with clients, but it also ensures that – back at the audit firm’s office – junior auditors get valuable face-to-face time with their more experienced peers.

Which brings us back to the issue of retention. Cameron Town CA, Audit Partner, Silks Audit Chartered Accountants sees workplace flexibility as an important means to improving workforce morale and boosting retention rates. “Since the pandemic, we’ve introduced more flexibility into our workplace and it’s certainly given everyone a fresh perspective on how we work,” Town says. This flexibility, it’s worth noting, applies to specific roles and tasks the audit process, with some staff working more remotely than others. Ultimately, it all comes down to balance.

“A big part of attracting and retaining auditors involves focusing on staff wellbeing and building a sense of camaraderie among employees.”

Jennifer Travers, Assurance and Advisory Solutions Lead, KPMG

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1.3 Technology changes the game

Technology is transforming the audit process. That was the resounding message from [Audit and Technology](#), a recent research report commissioned by Chartered Accountants ANZ in collaboration with ACCA. In particular, technology demands a more proactive, forward-looking approach from auditors. Not to mention a significant skills shift.

“It’s a constant evolution,” says EY’s Linzi Carr. “There are new tools or better ways of doing things being developed on a continual basis, and it’s about upskilling the whole team so everyone can feel confident using those tools.”

The *Audit and Technology* report outlines how technology advances have turned auditors into custodians and interpreters of all underlying data. (And what a lot of data there is. An estimated 90+% of the world’s data has been generated since 2016 – much of it financial.)

However, it’s not just about the volume of data, there’s also the issue of quality. Increasingly, clients are adopting tech-enabled systems in the way they do business and this brings a whole host of new challenges for auditors. For instance, auditors have to make sure they’re always up to date how their client’s increasingly complex systems are changing, and also understand the impact of those changes of the business’s risks and operations.

So, while the immediate impact of the tech transformation is automation and the elimination of manual and routine tasks, especially in entry-level positions; there’s suddenly an increasing need for more experienced auditors. Experienced auditors carry significant knowledge and expertise around analysis, business know-how and strategic nous. These skills are in demand now more than ever.

Data presents opportunities

More data can mean more value to be derived from the audit process. And so technology advancements and digitalisation should be viewed as an opportunity for the profession, not a threat.

“I work with a team of about 2,000 people currently,” says Matt Graham FCA, Managing Partner, Assurance, PwC Australia. “People ask me how much my team will reduce in the next five years or so as a result of technology and disruption, and my answer is: I think it will double.”

Moreover, as the *Audit and Technology* report found, “audit remains at its heart a very human activity”, and “there is still little appetite for the ‘human-free’ audit”.

COVID-19 may have showed us that remote audits were possible, even preferable in certain instances. But the experience also showed us some things are difficult to do remotely. Moreover, do we really want to work that way all of the time? Face-to-face coaching; interviewing and understanding your client; engaging with colleagues; these are all things best done in person.

Furthermore, adds KPMG’s Jennifer Travers: “A big part of attracting and retaining auditors involves focusing on staff wellbeing and building a sense of camaraderie among employees. Maintaining social interaction (albeit digital, during lockdown) was essential during 2020,” says KPMG’s Jennifer Travers. “From online social nights to stand-up comedy nights, reaching out to our team members was absolutely critical.”

Steve Hayes CA, Managing Partner - Audit at RSM New Zealand, believes community and connection are more vital than ever in attracting and retaining staff.

“Maintaining that fraternity with your colleagues is key,” Hayes says. “Without it, staff lose their connectivity to the organisation and the likelihood of them moving on is heightened. One cohort of new staff didn’t have a chance to connect in-person with our firm during the initial outbreak of COVID-19. We had to focus hard on other ways to make them feel part of our organisation’s culture.”

So, technology is accelerating within the profession, and that offers new ways to deliver elements of the audit service. But the value of auditors visiting clients on premises will always remain, according to Amir Ghandar FCA, Assurance and Reporting Leader, Chartered Accountants ANZ: “One of the joys of audit is going out and meeting face-to-face with the client. There are numerous opportunities to add value when you are working at your clients’ premises.”

“People ask me how much my team will reduce in the next five years or so as a result of technology and disruption, and my answer is: I think it will double.”

Matt Graham FCA, Managing Partner, Assurance, PwC Australia



Read more about how [technology](#) is changing the audit profession.

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1.4 Diversity matters

A few years ago, when he was global CEO at EY, James S Turley spoke to a room full of his Australian colleagues and explained the value of diversity in remarkably simple terms: if the firm wanted the best and brightest employees, he said, those people wouldn't all look the same. His message was that diversity is a source of strength, resilience and business opportunity.

At a time of skills shortages and increased demand, the business case for diversity is compelling. As a 2015 Deloitte study, commissioned by Chartered Accountants Australia and New Zealand, emphasised: "More than ever, future success will depend on a leader's ability to optimise a diverse talent pool."

However unintentional it may be, audit recruitment campaigns that exclude or dissuade certain people or groups from applying are limiting the organisation's potential. Diversity needs to extend from junior audit team members, to 'rank and file' colleagues, right up to senior leadership.

As Chartered Accountants ANZ's Amir Ghandar FCA puts it, "If you're a young auditor and you aspire to be a leader, you need to see leaders who look a little bit like you do. That requires leadership diversity in terms of gender, disability, ethnic background, religion, sexual identification, and so forth. Some firms are really committing to this – and starting to make it a reality – and that sends a signal to young auditors that there's a true meritocracy, where leadership roles are possible for anyone, irrespective of where they come from."

Of course, this is easier said than done. Like the wider accounting profession in Australia and New Zealand, auditing was once the sole preserve of white males. While much progress has since been made, this legacy takes time to fully shift.

Gender on the agenda

Nowadays, a typical annual intake in the Chartered Accountants Program contains a 50/50 gender split. But some audit firms have a culture of working long hours in the office five+ days per week and such inflexibility can be a barrier to diversity (e.g. gender diversity, because [statistics show women still carry the majority](#) of family responsibilities and unpaid caring work). The gender pay gap only exacerbates the issue.

A recent remuneration survey by Chartered Accountants Australia and New Zealand found that, while the pay gap is equal or higher for women in junior accounting positions, the gap widens in more senior roles. Male accounting partners are paid 60% more on average than women partners.

The survey also found a pay gap perception problem between men and women. Nearly seven out of 10 women believe a gender pay gap exists, compared to just three in 10 men.

To read how audit firms (and the wider profession) are working towards greater diversity and equity, see section [2.5 Achieving diversity and equity](#).

D&I spells opportunity

Many audit firms are now putting diversity and inclusion at the heart of their strategic plans. Deloitte, for example, has been outspoken on the importance of this, saying: "Diversity and inclusion must be integrated into business infrastructure, managerial capability and the employee experience."

Audit firms serve a diverse customer base, working with organisations of every shape, size and sector. The ability to understand and relate to clients is only enhanced when the audit workforce reflects the diversity found in the broader community it serves.



Read the [recent Acuity article](#) about tackling the gender pay gap.

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1.5 What young auditors want

The next generation of auditors aren't just motivated by money, they're also seeking meaning in their work.

From gender equality to responsible lending, the auditors of the future have a strong social conscience and seek a sense of purpose in their work, and employers need to be alive to this.

Matt Graham recently spent time interviewing and onboarding new audit recruits at PwC Australia, and says social justice is paramount for this cohort who have graduated in a time of climate action, social activism, corporate scandals and the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

"In our newer generation of employees there's a real desire to help the whole country improve," he says. "We're hearing lots of conversations around: 'I want to work in an organisation that does the right thing environmentally' and 'Our organisation should help other companies reduce their carbon footprint, too'.

"This generation of auditors is aware there's an opportunity to provide trust and confidence around these zeitgeist issues by being purpose-led professionals."

The message for audit firms is clear: many young auditors are inclined to choose purpose-led organisations.

"Younger people are far more attuned to concepts of burnout, anxiety and overwork..."

Bethia Gibson, General Manager Operations, Audit New Zealand

The second major differentiator of next-gen auditors is their expectations of career trajectory. This is challenging the status quo in audit, which traditionally has a pyramid structure (where a large group of graduates progresses over several years to become a slightly smaller pool of managers, some of whom eventually rise to partner-level). Many of the Millennial Generation (born 1981-1995) and Generation Z (1995-2005) are looking for varied work experiences and faster career progression, and are less inclined to stay with the same employer for long spells.

"The concept of careers is not even in their language," says Audit New Zealand's General Manager Operations, Bethia Gibson. "It's not realistic to expect a Millennial or Gen Z employee to remain in a job for 20 years. They're curious and want to try all sorts of different things, from consulting to data analytics, to broaden their experience."

This is prompting some audit firms to rethink their tried and trusted talent strategies. While the previous priority was 'retention at all costs', there is more of an acceptance that people may leave the profession for a period, then be enticed back later in their careers.

New generation, new expectations

A joint report by the International Federation of Accountants (IFAC) and the Association of Chartered Certified Accountants (ACCA), [Groundbreakers: Gen Z and the Future of Accountancy](#), found 64% of Gen Z respondents expect to have multiple careers in different disciplines in the future, and only 47% think the opportunity to develop a broad range of skills is the key attraction factor for accounting.

The report concluded: "Our survey results are clear. Gen Z are worried about the future, they cite wellbeing as a major concern and they're attracted to organisations that support their mental health and offer a good work-life balance."

Gibson's experiences with younger auditors echo these findings.

"Younger people are far more attuned to concepts of burnout, anxiety and overwork and, as employers, we're required to do a lot more to help this cohort be resilient and receive development feedback," she says.

Another IFAC survey, [Make Way for Gen Z: Identifying What Matters Most to the Next Generation](#), goes further and differentiates between the needs of Millennials and Generation Z when it comes to public policy and the workplace. IFAC found Gen Z "seeks a stable career, competitive salary and benefits, and work-life balance". So far, so normal. However, the least important factors for Gen Z career decisions are more surprising. At the bottom of the list were: opportunities to be a leader (64%); to work abroad (63%); and to drive business strategy (63%).

The survey also makes the point that Gen Z will soon be the largest generation in the workforce and so smart employers will seek to understand and accommodate their needs. The question for audit firms, is: How do you embrace young people's changed expectations about career trajectories, and their priorities, to give auditors the support and opportunities they expect?



Read the [latest IFAC and ACCA Generation Z survey](#).

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1.5 What young auditors want continued

The decline of the overseas experience?

Since the COVID-19 pandemic began, migration has slowed to a trickle in Australia and New Zealand. For audit firms, this has presented difficulties and opportunities.

Border restrictions have prevented employers from bringing in secondees from overseas member networks during peak seasons, which has exacerbated the workload challenge. Remote working from other countries cannot fully compensate for that.

Chartered Accountants ANZ has raised this talent shortage with the Australian and New Zealand governments, including contributing to the [Inquiry into Australia's Skilled Migration Program](#). The professional body has also engaged with the financial reporting and audit regulators on both sides of the Tasman to secure short-term lodgement extensions.

On the flipside, the 'brain drain' of talent – where young auditors went on their 'OE' (overseas experience) to work in foreign climes – has dramatically reduced. This has helped audit firms retain more young local talent.

That trend may outlive the pandemic, according to Audit New Zealand's Bethia Gibson. "Even before the pandemic, the traditional OE seemed to be falling out of favour," she says.

Gibson adds that the uneven seasonal workload of audit can be turned into a win:win for employers and young employees, after international travel becomes the norm again. "You can actually travel really quite cheaply from New Zealand and get to almost anywhere reasonably quickly. We have a time off in lieu scheme. So, you can work really hard, accrue your time off in lieu, and then take six weeks of travel time while still getting paid."

Gibson's approach might strike a chord with other employers as they prepare for the time when international borders re-open. After all, some young professionals will feel they 'missed out' on overseas adventures during 2020 and 2021 – and may prefer employers that offer the flexibility to take such extended travel breaks.

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1.6 Balancing the regulatory equation

In an age where [trust is a rare and precious commodity](#), regulators and governments have stepped up their oversight of organisations in the for-profit and non-profit sectors. At the same time, extra scrutiny has also been applied to the work of auditors. This underlines the importance of audit in society, but it had also added workload and pressure for auditors.

“The work that auditors do is vital, and that’s why there are a lot of political, reputational and regulatory pressures on the profession,” reflects Amir Ghandar from Chartered Accountants ANZ. “However, increased regulation can also increase the risk profile for auditors, without necessarily increasing the reward side of the equation. We aim to help regulators make informed decisions to achieve [smart, effective regulation](#) without unintended consequences.”

Additional regulation has had an impact on the supply of talent in the audit profession. Some auditors have resigned or retired, citing heightened regulation and compliance as their motivation.

Alive to this issue, Ghandar and his colleagues at Chartered Accountants ANZ work all year round, meeting with regulators and standards setters to help shape the auditing landscape. “We work internationally as well as nationally in Australia and New Zealand, presenting perspectives on behalf of the auditing profession,” says Ghandar.

A prime example of this was seen during last year’s [Australian parliamentary inquiry into the regulation of audit](#). “We had an active voice and helped facilitate the debate, making a real difference on issues surrounding audit regulation,” reports Ghandar. “Having engaged with members and stakeholders in Australia and New Zealand in 2019, we then presented a vision for the future of audit and advocated for sensible and effective solutions in the public interest.”

Also in 2020, Chartered Accountants ANZ published its latest Investor Confidence Surveys for [Australia and New Zealand](#). These indicated that confidence in the audit profession has increased during the pandemic. This message struck a chord with policymakers; the Australian survey was even referred to during a debate in the Australian federal parliament last year.



Read [The Australian’s article](#) about last year’s Investor Confidence Survey in Australia.

“The work that auditors do is vital, and that’s why there is a lot of political, reputational and regulatory pressures on the profession.”

Amir Ghandar FCA, Chartered Accountants ANZ

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1.7 Future skills

While it's impossible to predict the future, current trends (and a growing body of research and commentary) offer strong clues on how the audit profession of tomorrow will look. This also gives us an idea of the skills that audit firms will require to meet market demand.

A 2019 [Chartered Accountants ANZ and ACCA survey](#) of 1,000 Australians showed public demand for auditors to increase the scope of assurance they provide. More than a third of respondents (42%) said they want auditors to go beyond financial assurance, to also address environmental and societal needs.

"There is a new energy behind reimagining audit and technology is opening up new options to deliver what people are looking for in terms of confidence and reliable insights in a range of areas," says Amir Ghandar from Chartered Accountants ANZ.

"Until recently, audits focused solely on financial reporting, but there will be a growing demand for additional assurance over new risks that investors and the public face, ranging from business viability to cyber security, climate change and even organisational culture."

Reflecting on the future of the profession, PwC's Matt Graham adds, "Good questions to ask are: 'What are stakeholders anxious about before they invest?' and 'How can an audit play a role in providing independent assessment of that?' From there, the opportunities really open up."

As well as climate and cyber security, Graham suggests that future audits will increasingly give shareholders confidence about performance on other areas such as gender pay gap, human rights, and supply chain risk.

New and emerging capabilities

When it comes to audit, some qualities are likely to remain timeless and essential (classic examples being accounting knowledge, professional scepticism, and judgement). The ability to learn and upskill will also remain critical, according to EY's Linzi Carr CA.

"New tools are already emerging every few months, and that's going to continue," says Carr. "For auditors, that requires a constant evolution and a commitment from employers and employees to upskill. Auditors will really need a progressive mindset. They will need the ability to understand and use AI, bots, scripts and data analysis tools. We're already starting to see some clients use blockchain and this progress will just continue at pace."

As the scope of their services broadens, audit firms will require professionals from an ever-expanding range of backgrounds, according to Graham. "We may need everything from engineers and lawyers to climate specialists and perhaps even nurses with experience in aged care facilities. While this undoubtedly presents challenges for our profession, I think the opportunities are endless for qualified auditors in the next couple of decades."

As demand grows for audit services in new and emerging areas, the audit profession must adapt. Chartered Accountants ANZ is actively working with local and global standards setters to ensure auditing standards are fit for the future. As changes to standards are developed and finalised, the professional body publishes news and guidance for members. And Chartered Accountants ANZ is also adapting its education and training services, to help auditors futureproof themselves and their firms (for details, see section [2.6 Careers in audit](#) section below).

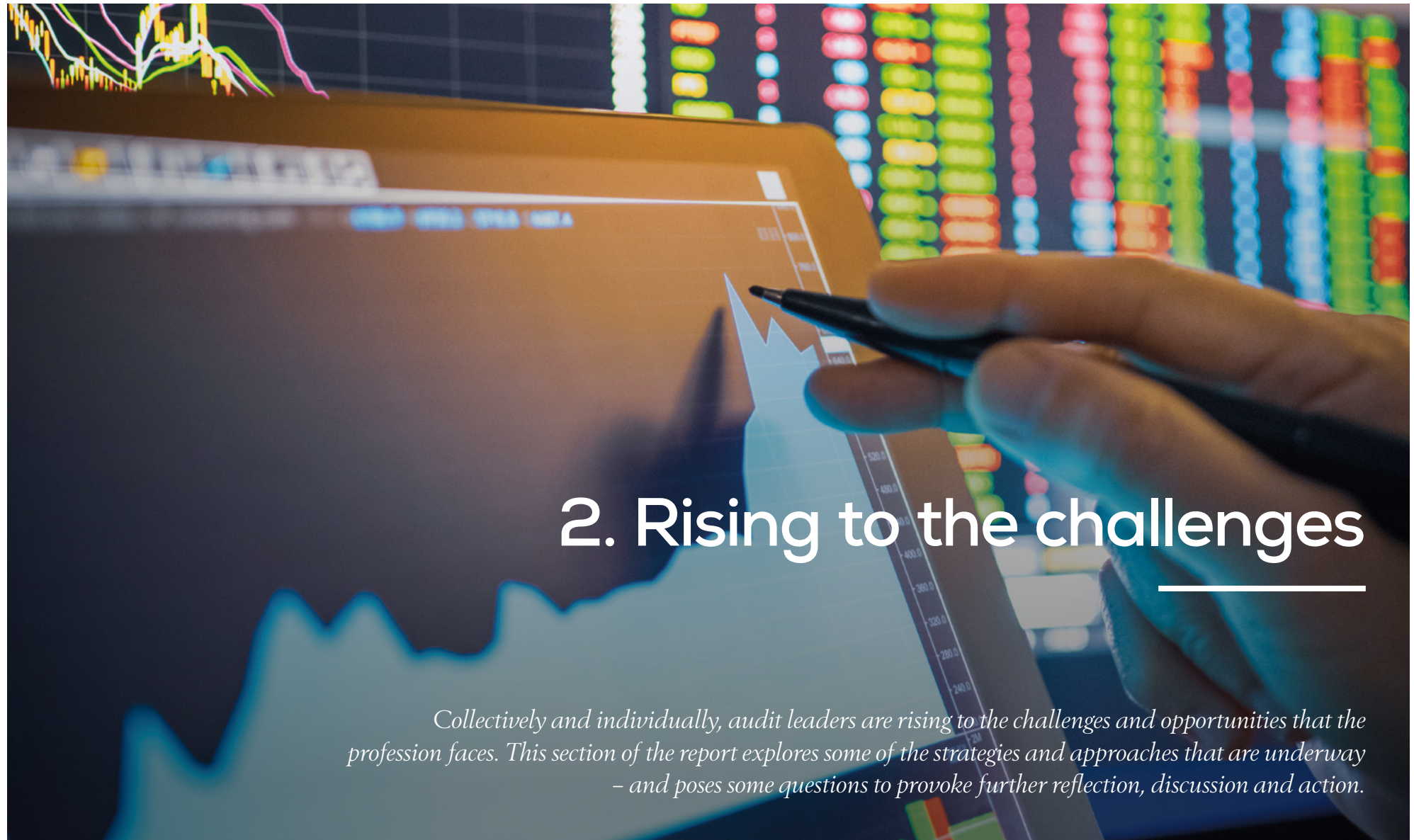
"Auditors will really need a progressive mindset."

Linzi Carr CA, Audit Partner, EY



Read more about [the future of the audit profession](#).

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2. Rising to the challenges

Collectively and individually, audit leaders are rising to the challenges and opportunities that the profession faces. This section of the report explores some of the strategies and approaches that are underway – and poses some questions to provoke further reflection, discussion and action.

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2.1 Managing workload

The audit process is evolving. From automating menial tasks, through to rethinking reporting season, the way audits are carried out is undergoing a shake-up.

“There have been massive changes to workload in the past 20-30 years,” says Steve Watson FCA, Managing Director, National Audits Group. “We’ve had to change the way we plan the work out.”

For instance, Watson explains that risk assessment, which comprises around half an auditor’s workload, can now happen at any time of the year. There’s also a renewed focus taking place around the roles of management and directors, particularly in relation to making sure they take appropriate responsibility around internal controls and risk. That way, Watson says, auditors can have greater confidence in what they sign off.

“It’s all about changing your mindset when it comes to workloads,” he says. “Think smarter, use technology, and reassess how you can work best with clients.”

Many of the changes underway are in response to auditor anxieties around time pressure.

“Time pressure is always the number one concern for auditors we talk to,” says Cameron Town CA from Silks Audit Chartered Accountants. “Whether that’s pressure to deliver in time for AGMs or for statutory filing dates, we’ve tried to revamp our audit processes to remove excessively stressful deadlines.”

One of the most successful solutions has been a shift to team-based auditing, says Town.

“We’ve introduced a system where, rather than one person slogging out an audit on their own, we’ve got five people working together on an engagement. And the staff are loving it.”

Any rethink of processes and workload should also include a reimagining of reporting, argues BDO’s Jane Bowen. “Could there be more ongoing reporting rather than historical financial reporting?” Bowen asks.

RSM New Zealand’s Steve Hayes CA says flexibility around delivery for a strict 30-June balance date, for instance, would do much to alleviate workload pressure.

“Just because it’s the way a process has always been done, doesn’t make it right,” Hayes says.

At the same time, there’s an opportunity to streamline processes by automating routine tasks, or outsourcing or offshoring menial tasks.

“This has the added bonus of speeding up auditor’s career progression,” explains Bowen.

By removing the boring bits, younger auditors are free to focus on learning the more complex aspects of auditing.

“However, you’ve got to balance any accelerated progression with the need to gain sufficient experience to make informed judgements,” Bowen warns.

“Just because it’s the way a process has always been done, doesn’t make it right.”

Steve Hayes CA, Managing Partner - Audit, RSM New Zealand

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2.2 Recruitment

As discussed elsewhere in this paper, the pandemic has curtailed international arrivals in Australia and New Zealand and that's prevented audit firms from temporarily bringing professionals in from overseas during peak periods. This, in turn, has added short-term pressure to pre-existing skills shortages.

In April 2021, a Chartered Accountants ANZ survey of 16 Australian audit firms identified a total of 888 audit role vacancies, predominantly at the junior and intermediate level. Notably, a March 2020 survey identified more than 650 temporary secondees had been hired from overseas member network firms.

In response, recruitment strategies have taken many forms and targeted different levels of seniority. For example, audit leaders (including professional bodies and audit firms) are seeking to attract new talent to the profession. And some are seeking ways to entice experienced auditors back into the profession, when they've spent time working in other fields.

“When recruiting graduates, what we try and emphasise is the people side of auditing,”

Jane Bowen, National Leader Audit Quality, BDO

Securing up and comers

For next-gen auditors, the potential for person-to-person interactions can be a prime attraction. “When recruiting graduates, what we try and emphasise is the people side of auditing,” says BDO's Jane Bowen. “Often, graduates are just as interested in a role that involves regular meeting with clients as they are with developing their skills and progressing their careers.”

Meanwhile, Audit New Zealand's Bethia Gibson says that career progression isn't always a major motivator for new recruits either. “We don't pitch the idea of long and meaningful careers specifically,” Gibson says. “Certainly, we demonstrate that there's a career path available but, in my experience, the next generation of auditors are far more interested in what's on offer in the shorter term.”

In response, Gibson's organisation meets the immediate needs of new recruits by focusing on training, and by supporting their study. Audit New Zealand also provides junior staff with a wide variety of work.

Most of all, however, many next-gen auditors are looking for a value proposition and a strong sense of purpose in their work. According to many employers, the best way to recruit new audit talent is to demonstrate ethical credentials.

“Our ‘value impact’, if you will, is that we help New Zealanders have trust and confidence in the public sector,” says Gibson. “You can rely on what they're reporting because of the work we do.”

It's worth noting that a strong sense of organisational purpose is just as important at all points in the career spectrum. A clearly articulated purpose will also appeal to intermediate and senior practitioners.



Read a recent [AFR article](#) about auditor talent shortages.

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2.2 Recruitment continued

Boomerang auditors

Chartered Accountants ANZ's Melanie Scott points out: "People sometimes talk about professionals leaving audit after four or five years as if that's a bad thing. But that's just business as usual for Gen Y and Gen Z. Instead, we should ask how we make the profession one of the places they want to come back to as their career progresses."

Bethia Gibson makes a similar point about senior auditors. "We always advertise externally for audit directors/audit partners," says Gibson, "and the people we interview often include former auditors who have gone into commerce or had other significant roles and now want to return to audit."

Sometimes, these former auditors are "in their mid-to-late-fifties" and "really valued their time as an auditor and now want to give back to the profession", says Gibson.

The challenge can be getting these professionals up to speed on all the changes to technical accounting and auditing standards that they may have missed since they last worked in audit. But this is not insurmountable, says Gibson. Aptitude counts for a lot, too.

Moreover, it's worth the investment because, in Gibson's experience, these types of auditors have "a really positive impact because they've got all kinds of life and career experiences that they bring to the organisation".

Another key motivation for returning auditors is the level of professional development that auditing affords.

Echoing Gibson's experience, EY's Linzi Carr CA says: "We see people go into commerce for a few years and then decide they love (and miss) the ongoing training and development they receive as an auditor."

And Carr says this seems to be the case regardless of whether you're talking about small, medium or large audit firms.

"For auditing recruits who are returning to the profession, the attraction lies in joining an innovative learning organisation, where you're constantly receiving training and development," says Carr.

Living up to their potential

The IFAC and ACCA paper, [*Groundbreakers: Gen Z and the Future of Accountancy*](#), highlights ten strategies for employers to harness the potential of Gen Z.

- 1 Tap into their digital mastery:** Organisations can leverage Gen Z employees' technology know-how to attack business problems differently or rapidly create solutions.
- 2 Think "intrapreneurship":** Working within an established business and using interventions such as innovation hubs or sandboxes to bring Gen Z's ideas to fruition, and take managed risks
- 3 Use social media:** Organisations increasingly tap into social channels such as TikTok, Snapchat and Instagram to engage Gen Z, particularly as part of recruitment strategies
- 4 Be authentic and listen:** Gen Z value authenticity and this plays out at different levels, from leadership approachability to a culture that values the opinions of all employees, irrespective of grade. Gen Z want their voice to be heard.
- 5 Focus on wellbeing:** As the pandemic rolls on, audit firms should rethink their employee engagement strategies and ensure they have resources in place to help address concerns for their younger employees who may face particular challenges.
- 6 Align organisation purpose with departmental needs:** Seek ways for Gen Z that cater to their uniqueness. This might include career conversations or access to mentors.
- 7 Create collaboration opportunities:** Create opportunities for Gen Z to collaborate - particularly on project work across functions, disciplines and generations. This can generate new and innovative solutions, nurture a more energised and committed workforce, and foster inter-generational learning.
- 8 Reward outcomes not inputs:** Use new ways of working and technology to enable and track outcome-based measures.
- 9 Offer continual feedback:** Gen Z has grown up in a world of instant communication and rating opportunities. Audit firms should find new ways of recognise exceptional performance and share with peers, and visibly demonstrate how they have listened to Gen Z feedback by implementing their ideas.
- 10 Rethink learning:** Gen Z are natural self-curators, using hand-held tech to access information and knowledge. Employers can turn this to their advantage by offering blended learning opportunities.

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2.3 Retention

Recruitment, however, is only the first piece of the staffing puzzle. Retention can be just as challenging.

At Silks Audit Chartered Accountants, for instance, the firm employed 20% more graduates than usual last year because attracting experienced people, particularly in regional New Zealand, has been extremely challenging, according to Cameron Town.

“Retention could become harder,” says Town. “In part, because there are so many areas you can take your CA qualification, besides audit.”

And while organisations can hedge their bets and hire more graduates, firms (including Silks) have found staffing success by offering existing employees a range of incentives to stay.

“You’ve got to be the best employer you can be,” says Saward Dawson Principal Peter Shields FCA, “and that means making a genuine attempt to offer employees a package of things.”

This package, Shields says, should include work/life balance considerations, fair remuneration, good culture and a friendly atmosphere.

It’s a sentiment that’s shared by EY’s Linzi Carr: “Employees care about the team they’re working in, and the projects they’re working on. We can’t underestimate the importance of their everyday working experiences.”

As for the issue of workload, Carr concedes audit is a client deadline driven business, which will result in workload peaks and long hours at certain times during the year, and that, as a profession, “we’re still working out where the right threshold is” between optimal productivity and work levels.

One suggestion is to maintain many of the flexible working arrangements that were first trialled when the pandemic first arrived.

“One important aspect of retention is continuing with flexible arrangements,” says KPMG’s Jennifer Travers.

For example, at many firms, audit staff now work in one of three hubs (the client’s office, the firm’s office, and the home office) and it’s expected that, over time, all staff rotate across all three hubs.

At the same time, National Audits Group’s Steven Watson FCA warns that group work can be vital to retention rates. So, while flexibility is important, it should be balanced with the need for colleague support and social interaction.

“We encourage our people to get together as a group,” says Watson. “We’ve got an emerging leaders group, which empowers less experienced employees to make decisions affecting the future of the firm. Not only does this boost their buy-in, it adds something extra to our senior decision-making, because the next generation is often better with technology than the rest of us!”

Meanwhile, WLF Accounting and Advisory in Hobart recognises the demands of the job and, in particular, the issue of workload, by paying staff overtime during busy periods.

“That goes down well,” says Managing Partner, Joanne Doyle FCA. “Because it acknowledges what people are giving up to get the work done.”



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2.3 Retention continued

Finding the right pathways

Perhaps most pertinent when it comes to retention, however, is the issue of career pathways. Steven Watson says, “having a career in audit means we really need to define what audit specialisation looks like.”

He adds: “As a profession, we need to get better at defining what possible career pathways look like for someone entering the profession,” says Watson. “That way, they can see their future.”

To this end, the new Chartered Accountants Program syllabus will soon offer two subjects:

- 1 A core ‘audit and risk’ subject will equip candidates with skills needed for financial statement audits, with an emphasis on professional judgement and professional scepticism.
- 2 A new elective ‘assurance’ subject that provides specialisation for those seeking to broaden their skills into non-financial assurance on emerging areas such as sustainability assurance or controls assurance.

PwC’s Matt Graham says that career pathways should be a focus for employers, too.

“We try and have a real focus on the individual team member in audit,” Graham says. “We have 2,500 professionals, each with their own development needs, career ambitions, personal interests, life experiences and more.

“There’s no cookie-cutter approach to career development. That’s the important point for retention. Richness is understanding that purpose is different for different people.”

Finally, variety of work experiences is also crucial, according to [Audit quality in a multidisciplinary firm: What the evidence shows](#), a report co-authored by Chartered Accountants ANZ, IFAC and ACCA. The report found that: “Providing wider services beyond audit is a valuable attraction for specialist talent and enables firms to develop teams with the skills and expertise needed for high-quality audits.” In short, multidisciplinary firms have an opportunity to retain skilled staff by offering a wide variety of experience and work.

As a profession, we need to get better at defining what possible career pathways look like for someone entering the profession.”

Steven Watson FCA, National Audit Director, National Audits Group

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2.4 Targeted upskilling

In this fast-changing digital world, the need for auditors to continually upskill is ever more important. Chartered Accountants ANZ recognised this in its recent upgrades to the [new CA Program](#), which now combines the development of technical expertise with strong professional skills and capabilities (all while keeping the candidate experience at the heart of Program design).

Chartered Accountants ANZ has also introduced the [Capability+](#) tool, which allows CAs to identify and build the capabilities they need to stay relevant and succeed. It forms part of Chartered Accountants ANZ's ongoing strategy to help auditors futureproof their careers and remain relevant.

Firms and employers can further support professional upskilling by investing in the long-term future of their staff. At PwC Australia, the focus is on investment in individual careers to help keep their people future-fit, and Matt Graham says this investment falls into three main areas for auditors: i) technology, ii) broader areas of assurance, and iii) people skills.

“When it comes to technology, for example, we’re no longer simply throwing our tech needs over to a separate IT department,” says Graham. “Instead, we’ve spent two years investing in a digital upskilling program, combining online and face-to-face community learning, where our staff were able to take their digital IQ two or three rungs higher.

“Our auditors are now capable of not only performing data analysis at the end of the process, but also understanding the code needed to extract the data in the first place – the actual data wrangling, if you will. They also know how to use different visualisation platforms and tools to bring this data to life for clients.”

Graham notes: “Until recently, we would have had to bring in specialists with these tech skills in order to supplement the audit team’s abilities. Now, we’ve embedded those skills within our team, empowering our people, and saving the business time and money.”

And this, of course, is the win:win of upskilling. Not only does it improve an individual’s capability and engagement, but it also benefits the organisation in terms of productivity, costs, and even retention rates.

As for the broader areas of assurance that audit firms are branching out into, Karen McWilliams CA, Business Reform Leader, Chartered Accountants ANZ, points out: “Assurance providers have increasing opportunities to apply their assurance skills to new and emerging areas. However, with these opportunities comes the need to develop the necessary specific subject matter expertise in these areas. Areas such as climate-related disclosures are dynamic and changing frequently, meaning auditors need to ensure they stay abreast of the latest developments.”

This serves to underline just how important it will remain for auditors to continue learning and upskilling throughout their careers. It also shows that, the more skilled auditors become, the more the reputation of the entire profession will be enhanced.

“Areas such as climate-related disclosures are dynamic and changing frequently, meaning auditors need to ensure they stay abreast of the latest developments.”

Karen McWilliams CA, Business Reform Leader,
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2.5 Achieving diversity and equity

In socio-economic terms, the audit profession has often been a great leveller (for example, people from underprivileged backgrounds have pursued audit careers and, along the way, improved their family's economic circumstances). However, while everyone is in favour of greater diversity within the profession, there's still some way to go before its fully achieved. Societal inequalities permeate every industry, and audit is not immune to this.

Many audit firms, however, are pushing hard to advance diversity and inclusion, whether that means championing culturally and linguistically diverse workplaces, advocating for LGBTI+ rights, calling out sexism, or preventing age discrimination.

For example, KPMG's commitment to cultural diversity includes offering facilities for employees to engage in prayer and quiet contemplation during the working day, as well as offering cultural/religious leave. Meanwhile, Grant Thornton's commitment to the LGBTI+ community includes PRISM, its LGBTI+ & Allies Network to provide a platform of support for LGBTI+ employees and their allies. And several audit firms have now established Reconciliation Action Plans aimed at supporting Aboriginal and Torres Strait Islander peoples in developing business, education and employment opportunities for individuals and communities.

Practical steps for gender parity

Critical in a profession where men still outnumber women at senior levels, many audit firms are focused on countering gender imbalances by removing the hurdles to female participation. And progress is being made. Women made up [almost a third](#) of the roughly 300 new partners appointed at Australia's biggest accounting firms in 2020 – a vast improvement from years gone by.

But how can firms make further progress?

For a start, flexible working arrangements, including remote working, go a long way towards enabling gender equality. In fact, flexible working topped the list of important factors in a recent survey of female Chartered Accountants in Australia and New Zealand.

"If you don't have flexible working arrangements in 2021, then there's a whole segment of the market you can't reach," says Melanie Scott FCA, Senior Policy Advocate at Chartered Accountants ANZ. "You simply can't tap into that talent."

Other important factors highlighted by female Chartered Accountants included: "Being fairly remunerated for the work I do", "Doing meaningful work" and "The quality of the leadership".

As for the gender pay gap, the [2021 Chartered Accountants ANZ member remuneration survey](#) identified several practical steps to help address this. The top three solutions cited by members were greater pay transparency, running an annual pay gap analysis, and analysing performance ratings and performance pay to ensure there is no gender bias. Next on the list was the CEO being a visible champion of gender/pay equity, then training people-managers in addressing gender bias, followed by a company strategy and policy around pay and compensation.

In addition, members also recommended: action plans to close any identified pay gaps; analysing the end-to-end remuneration process; including women and men on primary carer's leave; holding managers accountable for pay equity outcomes; comparing performance review results by gender; and having specific pay equity targets to address any gaps.

At a macro level, Chartered Accountants ANZ has developed a program of events and resources to educate members on the gender pay gap, promote that every CA has a role to play and encourage senior leaders to champion and action change. The organisation will also hold roundtables this year to discuss the gender pay gap and develop action plans.

Chartered Accountants ANZ has developed a program of events and resources to educate members on the gender pay gap

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2.5 Achieving diversity and equity continued

Part of the solution

The audit profession also has the capability to be part of the diversity solution for other industries and organisations. Assurance skills are perfectly suited to assessing levels of diversity. While auditors don't need to be told how to measure data, a surprising number of Australian organisations, across all industries, lack a comprehensive framework for measuring and assessing the level of diversity and inclusion in a workplace. A recent [report](#) from Diversity Council Australia and the University of Sydney Business School found Australian organisations are missing business opportunities by failing to define, measure and report on workplace cultural diversity in any standardised way. This is an area ripe for the audit profession to contribute meaningfully.



Read EY's [tips on advancing disability inclusion](#) and [tips on advancing LGBTI+ policy in organisations](#).

“If you don't have flexible working arrangements in 2021, then there's a whole segment of the market you can't reach.”

Melanie Scott FCA, Senior Policy Advocate,
Chartered Accountants ANZ

Hitlist to close the gender pay gap

Acuity magazine recently [spoke to several Chartered Accountants](#) and asked their views on how to close the gender pay gap. These members identified several steps:

- 1 Measure the data and follow through
- 2 Stop making women feel guilty and focus on output
- 3 Judge a role by what it's worth
- 4 Leaders should tap talent on the shoulder for promotions
- 5 Make flexibility the norm for everyone
- 6 Access available toolkits and make a start.

The members also added that women can contribute by articulating their value, negotiating their pay, and mentoring one another. And members said men can play their part by embracing flexibility and showing their commitment as leaders.

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2.6 Careers in audit

We've seen how external forces such as global crises, skills shortages and technology advancements have challenged the profession. But what if the profession was to challenge itself? To agitate for positive change, what questions should we be asking each other? Here are a few suggestions.

What if we rethink how we appeal to potential candidates at a pre-graduate level?

"We need to understand what fundamentally influences people to join the profession," says Audit New Zealand's Bethia Gibson. "Our research showed that, while the next generation of potential auditors receive most of their career messaging from social media, they still rely heavily on adult influencers such as parents and teachers. So, we now factor this into our thinking."

Beyond channel choice, however, there's also the question of message.

PwC's Matt Graham believes the big appeal for potential candidates lies in purpose.

"Auditing is a fantastic, purposeful profession for people who want to make a career of becoming a better business person," Graham says. "Chartered Accountants ANZ has a great responsibility to help build the profile of auditing, as do employers and individual CAs. The days of auditing being seen as a boring career option are long gone, and the profession's reinvigorated profile requires a rethink when it comes to talking to potential candidates."

Saward Dawson's Peter Shields, agrees: "The challenge is to identify what needs to change at the pre-graduate level to make it more appealing," says Shields. "To identify it, and then act on it."

What if we add avenues for postgraduate entry?

Next, what would it look like if the profession were to multiply the ways that graduates can enter auditing? Note, this does not mean watering down the quality of the talent pool; it means cherry-picking the best postgraduates from a greater number of disciplines, and it's a plan that's already paying dividends according to Chartered Accountants ANZ.

Pathways to the profession must be more diverse, according to the Chartered Accountants ANZ Trans-Tasman Audit Advisory Committee, who are committed to ensuring entry requirements and transition pathways become more flexible.

"We're catering for this via a range of new offerings as part of the transformed CA Program," says Amir Ghandar FCA, Assurance and Reporting Leader, Chartered Accountants ANZ.

This transformed Program includes the [new CA Program](#) (more tailored to individual candidates' needs), and the introduction of the [Capability+](#) tool (aimed at mid-to-late-career auditors). Additionally [Chartered Accountants ANZ International Pathways](#) and recognition is now available to fast-track entry to membership. Pathways are varied and dependent on the designation held and the reciprocal arrangements for international accounting bodies in place. These are varied and include the Global Accounting Alliance (GAA) partner pathways, the International Pathway Program (IPP) recognised bodies as well as many others.

CA ANZ International Pathways is a significant step towards increasing and enabling mobility of talent from overseas CA bodies we now have recognition agreements with.

There's also scope to attract professionals from other disciplines.

"The qualification model here in Australia is still very much centered on the idea that your undergraduate degree must be very relevant to accounting, whereas that's not necessarily the case in many other countries," says BDO's Jane Bowen.

"In some nations, graduates can enter the accounting profession having completed undergraduate studies in pharmacology or engineering or other areas unrelated to accounting," explains Bowen. "These professionals learn their accounting skills once they've entered the profession, and it therefore creates a much more diverse population of professionals."

It also creates a really strong alignment of skills where people are employed as accountants or auditors in an industry that's relevant to their original studies, suggests Peter Shields.

"Imagine employing someone to audit carbon credits and waters usage, where their undergraduate studies were in environmental engineering," says Shields. "The greatest auditors are the ones that truly understand their clients' businesses, and this model would take that to the next level."



Read [a selection](#) of further articles, analysis, checklists, tools, events, courses and links to support members in hiring the right mix of skills and talent for their organisations.

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2.6 Careers in audit continued

What if we reimagine the way we fill senior audit roles?

If you were to list the ultimate combination of skills and experiences for a senior auditor, what might that list look like? And how can we, as a profession, support our people in acquiring those qualities?

“The answers to those questions might prompt a redesign of how we fill our senior audit roles,” says Bowen. “In fact, we might even rethink the way we approach career progression, full stop.

“Just imagine, for instance, if we could translate the skills and expertise acquired in an entirely different profession into the role of engagement partner. Imagine if we could harness the knowledge gained from being an audit client in an in-house finance department role, and bring this knowledge to an audit partner position. The results could be incredible.”



Read more about Chartered Accountants ANZ’s [marketing](#) that promotes careers in audit.

Pride in the profession

In recent years, the audit profession has received more than its fair share of potentially damaging media coverage. But when it comes to restoring the reputation of the profession, Amir Ghandar says: “At Chartered Accountants ANZ, we are relentless in our efforts to secure a fair hearing for auditors in the media. We have also been at the forefront of advocating for better standards and reform to strengthen the audit quality ecosystem, and we are continuing to do that.” (See section [1.6 Balancing the regulatory equation](#) for more details.)

For a start, Chartered Accountants ANZ has developed a [15-point plan](#) to strengthen public confidence and trust in audit in Australia. The professional body also constantly advocates on behalf of auditors (for instance, recommending stronger accountability around internal controls, and adding clarity and balance to regulatory reporting on audit inspections).

This work helped to ensure that, when the COVID-19 pandemic swept in (and the world became more unpredictable than ever) confidence in audit actually increased. In 2020 the Chartered Accountants ANZ Investor Confidence Surveys for [Australia](#) and [New Zealand](#) and, auditors again ranked number one as most effective entities in advancing investor protection.

“Imagine employing someone to audit carbon credits and water usage, where their undergraduate studies were in environmental engineering.”

Peter Shields FCA, Partner, Audit and Assurance,
Saward Dawson



Read about the annual [Auditor Proud](#) celebrations.

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Acknowledgements

This guide has been developed by the Reporting & Assurance team at Chartered Accountants ANZ and informed by interviews with a number of audit professionals across Australia and New Zealand.

Chartered Accountants ANZ wishes to acknowledge contributions to this report from Jane Bowen, Linzi Carr, Bethia Gibson, Matt Graham, Peter Shields, Andy McLean and the members of the Chartered Accountants ANZ Trans-Tasman Audit Advisory Committee.

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