

What the public wants from audit

May 2019

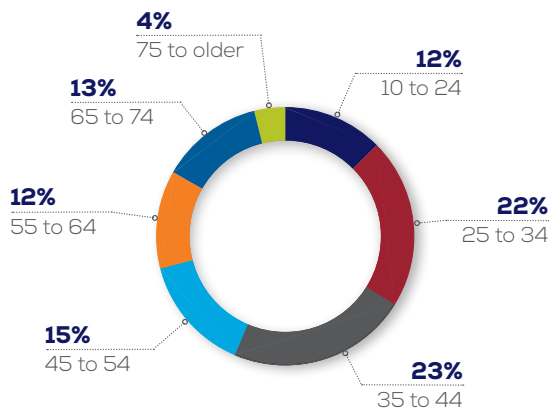


What the public wants from audit

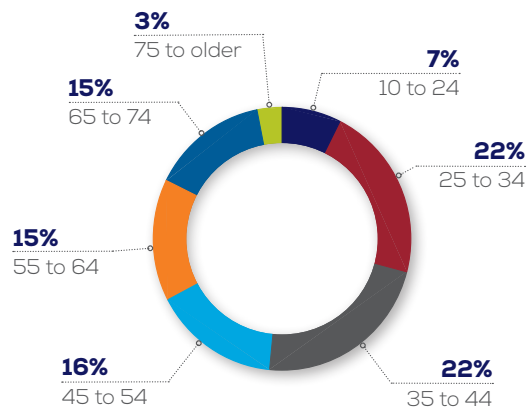
In February 2019, CA ANZ and ACCA commissioned an independent survey of 1,000 members of the general public in each of Australia and New Zealand to gauge understanding and expectations of audit¹. Survey respondents were targeted to reflect the general population based on age, education, income and gender.

Respondents by age

New Zealand

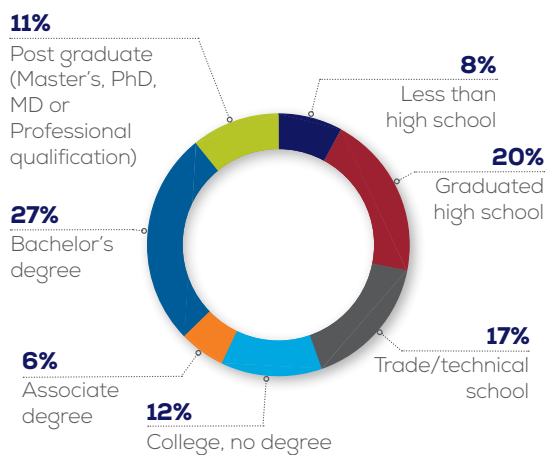


Australia

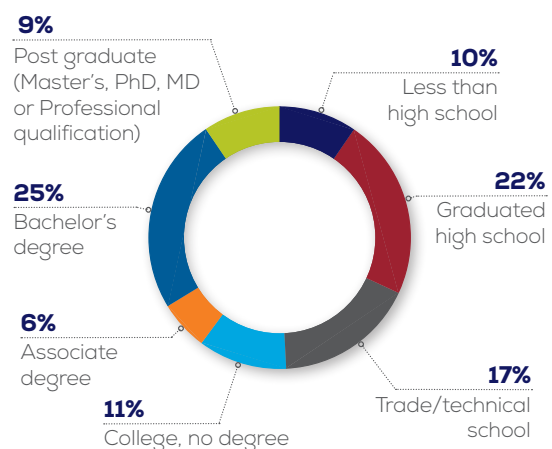


Respondents by education

New Zealand



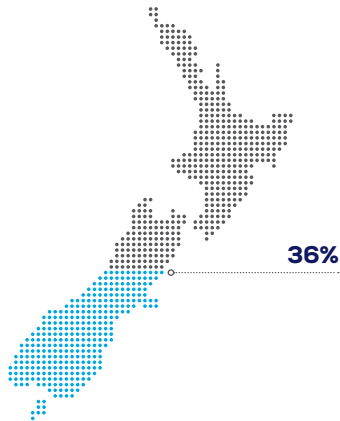
Australia



¹Survey conducted online between 6-14 February 2019; targeted sample balanced demographically to reflect census data for adult population. This was part of a larger global study which is available from accglobal.com/an/en/professional-insights/global-profession

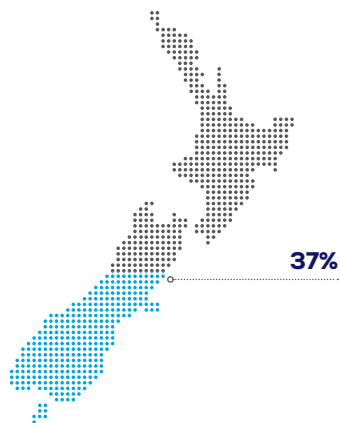
Key Findings

There is confusion over what an audit is



Know that an auditor gives an opinion on whether an entity's historical financial statements give a true and fair view and do not include material mistakes due to fraud or error.

The auditor's role in relation to fraud is misunderstood

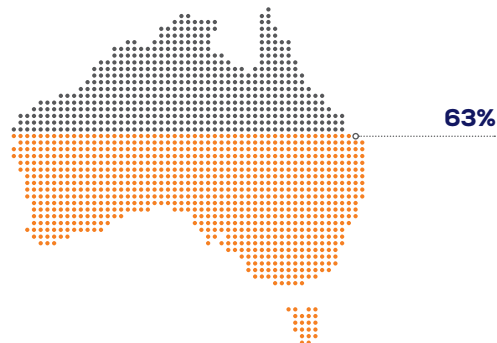


"The primary responsibility for the prevention and detection of fraud rests with those charged with governance of the entity and management".

ASA/ISA (NZ) 240.4

Expect auditors to always detect any fraud. Auditors are responsible for detecting fraud that materially affects the financial statements. However, this is not always possible due to inherent limitations.

There is demand for a wider audit scope



"Auditors are not responsible for company failures. Only company's management is."

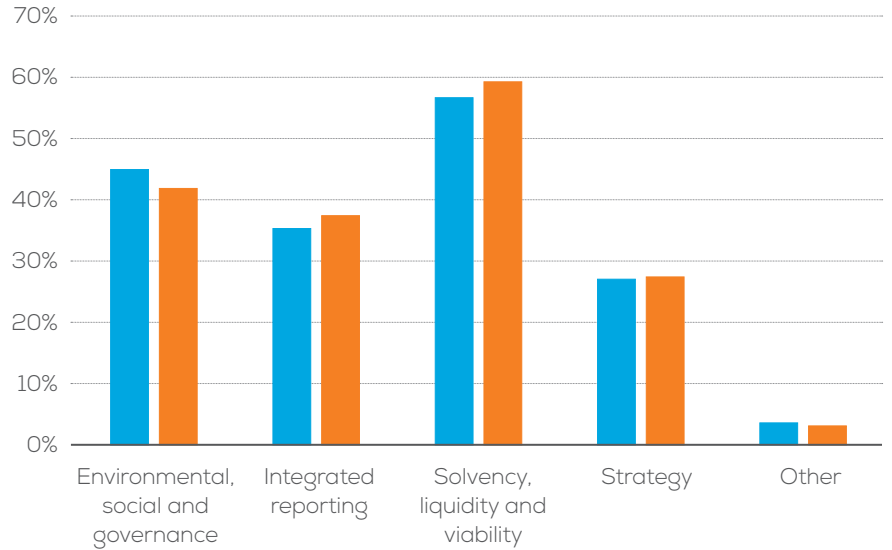
Survey respondent, New Zealand

Would like audit to evolve to prevent corporate collapses.

There is a desire for auditors to do more in other areas too

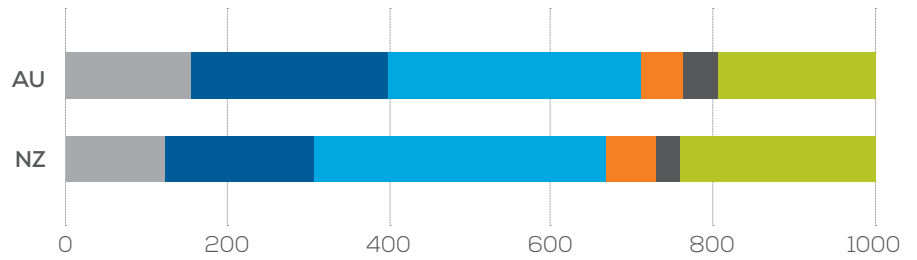
The Brydon Review in the UK opens the global debate into how audit is covering what the public expect and how it could evolve to address an expanding range of societal needs for integrity in the economy and capital markets.

■ NZ ■ AU



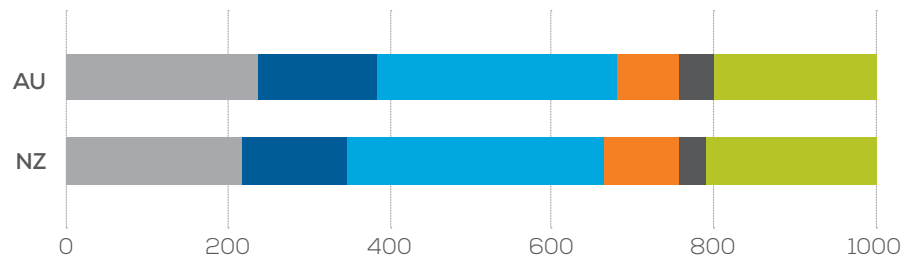
But not all are willing to pay more ...

- Auditors should be paid less
- No increase
- Small increase (eg ≤5%)
- Large increase (eg ≤20%)
- As much as it takes
- Other/ Don't know



... and few are prepared to give auditors more time to do such extra work

- Auditors should take less time
- No increase
- Small increase (eg ≤1 week)
- Large increase (eg ≤3 months)
- As much as it takes
- Other/ Don't know



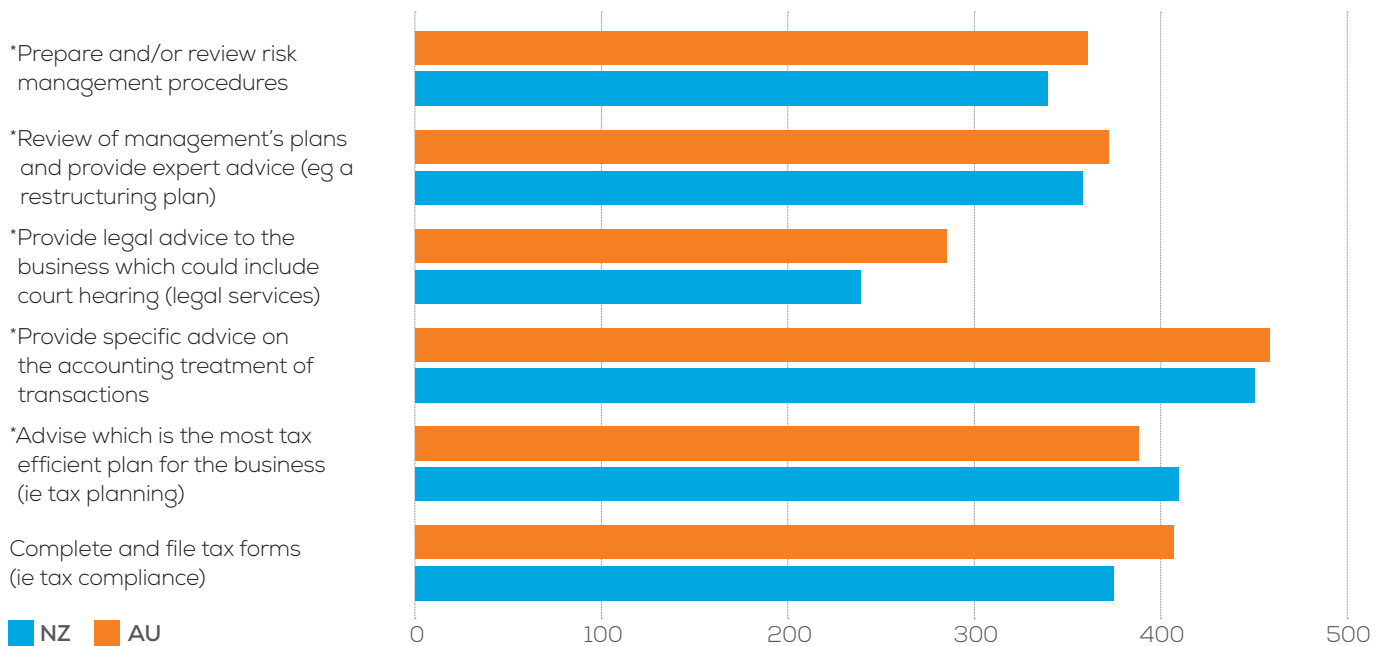
Technology is seen as an enabler



Believe that recent developments in technology will make the audit process more efficient.

The independence rules go beyond what the public expect

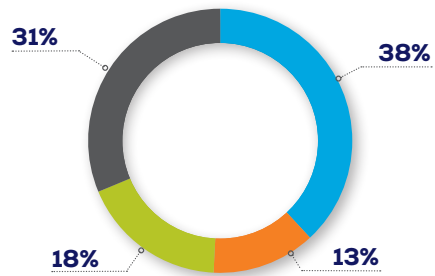
When asked which services an audit firm should be allowed to provide a public interest entity (PIE) that it currently audits, this was the response. The results are particularly interesting as some of the options provided are actually prohibited or restricted by current independence rules (* below).



There is little support for audit-only firms

Over a third of respondents think there should not be any restrictions on audit firms providing non-audit services to non-audit clients. There is little support for a cap on the level of non-audit services that audit firms can provide to non-audit clients or for audit-only firms.

New Zealand



Australia

