

AUDIT QUALITY RESEARCH

Over the past couple of years the Institute of Chartered Accountants Australia has conducted innovative research into the perceptions by audit partners and staff of the main drivers of audit quality in major accounting firms in Australia.

11

AUSTRALIAN NETWORK AUDIT FIRMS HAVE PARTICIPATED IN THE RESEARCH



OVER **6,000** PARTNERS AND STAFF

DRIVERS OF AUDIT QUALITY:

- ✓ CULTURE WITHIN A FIRM
- ✓ SKILLS AND PERSONAL QUALITIES OF PARTNERS AND STAFF
- ✓ EFFECTIVENESS OF THE AUDIT PROCESS
- ✓ FACTORS OUTSIDE THE CONTROL OF AUDITORS
- ✓ USEFULNESS OF AUDIT REPORTING

Overall, findings show a strong commitment to audit quality among firms with varying challenges in consistently applying policies. For example, there are concerning variances between the responses of partners and staff, in particular on the effectiveness of audit procedures and the 'tone at the top'.

The firms are using the data for root cause analysis to focus on areas for enhancement. Firms in the earliest round of research have progressed this through action plans. The Institute continues to work with firms to support and promote developments.

Some of the main themes of the research are highlighted in this infographic and have also been shared in the publications, *Preserving capital market confidence through audit quality*, and *Sharing experiences on audit quality*.

Professional scepticism seen to be important AND being demonstrated

To what extent is professional scepticism important in your role and to what extent do engagement teams demonstrate this attribute?

% OF RESPONDENTS ACROSS ALL 11 FIRMS WHO AGREED OR STRONGLY AGREED IT WAS IMPORTANT AND DEMONSTRATED



% OF RESPONDENTS ACROSS ALL 11 FIRMS WHO AGREED OR STRONGLY AGREED

Leadership supports quality
Does your firm demonstrate commitment to audit quality?



Leadership & tone at top supports doing the right thing
The firm instills a culture of quality through its management practice and the 'tone at the top'.



Appropriate experience and skills are used and quality given focus during the audit process
The firm's quality and consultation policies and procedures are followed on all audit engagements.



Partners /managers are involved in audits
The engagement partner and manager are closely involved in the audit approach for all audit engagements.



Auditors push back on clients' policies
The firm engages in an effective dispute resolution process to deal with any disagreements with clients.



The percentage figures are weighted averages based on the number of responses from each firm.