

**SAICA: The Future of the Audit Profession**  
**IRBA Innovation day: 23 October 2023**  
**Thandokuhle Myoli**



# A trip down memory lane

*“The more things change, the more they stay the same.”*

Origins of the audit profession as we know it today:

- James Watt made the steam engine more efficient leading to a railway boom in the United Kingdom.
- The railway boom benefitted a number of professions, including stonemasons, foundries, lawyers and accountants.
- Railway clients became the principal clients of the accountants in the formative years of the profession.
- It is said that the way large corporations in the globe are run today – shareholder ownership, directors making strategy and managers running the day-to-day operations – come out of the British railways.
- The complexities in running these entities also meant that they provided opportunities for crooks and rogues.
- This led to the heroes of the railway boom being the “foe of deceit and the champions of honesty.” This was the professional accountant.
- Accountants positioned themselves as those who could protect Victorian England from fraudsters and opportunists who wanted to exploit the Industrial revolution.
- In this role, accountants shared with teachers, doctors, lawyers and priests a responsibility to the wider community.



## Industrial Revolution

[in-'de-strē-el 're-ve-'lū-shen]

A period of major industrialization and innovation during the late 1700s and early 1800s.

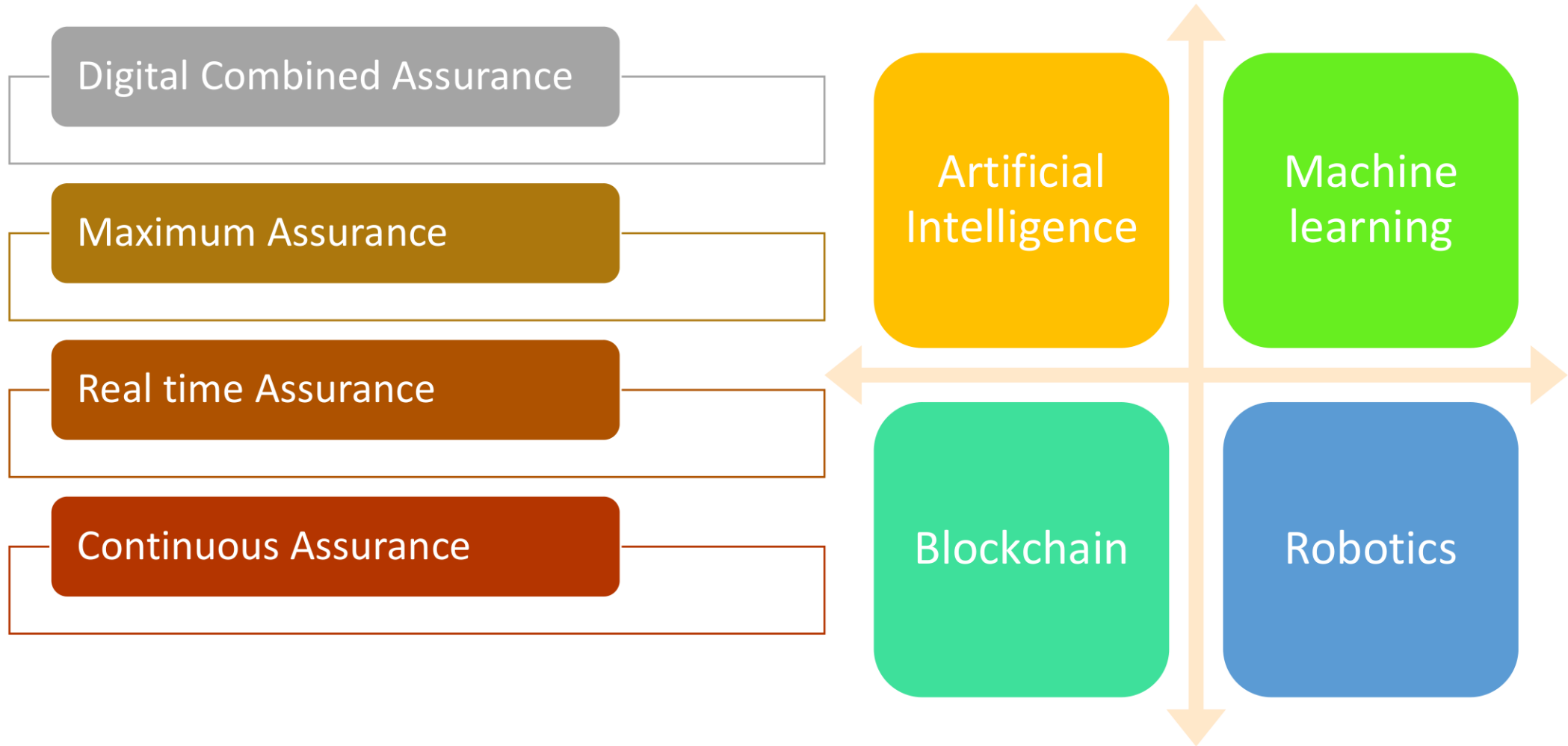
# Fundamentals of the profession

- A social contract between the profession and society.
- This social responsibility is due to the trust that the profession has earned in society.
- Strong and robust technical expertise (Competence)
- Independent from the clients
- Professional scepticism
- Personal integrity
- These fundamentals need to remain intact despite the evolution that is currently taking place in the profession.
- These fundamentals need to be in the forefront of our training programmes – pre and post qualification.

# Technology and innovation

- New technologies are making the audit more efficient and effective.
- Benefits:
  - Testing full populations and eliminating sampling.
  - Using technology to better identify risks and understanding what communication should be communicated to TCWG and management.
  - Better able to spot potentially fraudulent areas.
  - Data gathering could also enable auditors to strengthen their procedures on management's forward-looking information such as going concern assessments.
  - Real-time audits versus backward looking audits (12-18 months after the fact).
  - Free up auditors from conducting routine tasks and focusing on more riskier and important aspects of the audit.

# Technology and innovation





# Professional judgement

- Technology will not replace a skilled auditor.
- High audit quality will continue to depend on auditors who understand the business, can apply judgement and professional scepticism to various scenarios.
- The auditor will still need to be able to stand his/her ground against management when required.
- Technology will enable auditors to better challenge management assumptions.
- Can technology enable the auditor to play a more significant role in the identification and detection of fraud?

# The role of audit in society

- Society's needs are evolving in terms of what they require from an audit.
- Stakeholder versus shareholder centrality.
- Assurance on non-financial information and looking beyond the financial statements.
- Key societal challenges that the profession may need to address:
  - ESG Information – especially as this may become regulated in the future
  - Cybersecurity risks
  - Fraud question
  - Money-laundering
  - Going beyond historical information
  - Ease of doing business for smaller entities



# Driving audit quality

- A regulatory environment that joins all the dots and looks at the wider financial reporting ecosystem.
  - Ensuring that businesses have the right internal control environments.
  - Breaking down hierarchies and ensuring that there is a robust culture of challenge at firms. ISQM 1.
  - Senior staff members spending sufficient times with their audit clients.
  - Ensuring that the right skills and experience are developed throughout the training process. CA of the future.
  - Building diverse teams – various skillset required to complete an assurance engagement of the future.

# SAICA CA of the Future

At point of entry prospective CAs(SA):

- Have the potential to become responsible leaders who behave ethically and create sustainable value for a wide range of stakeholders within an organisation.
- They use integrated thinking to interpret, analyse and evaluate financial and non-financial information. This enables them to influence others and support impactful decision-making, thereby contributing meaningfully to the economy and to society.
- CA of the Future webpage: [CA of the Future](#)
- Mathematics challenge in South Africa.
- Audit Reform page: [Audit Reform](#)



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