


ANOTHER STEP TOWARDS BUILDING FUTURE-READY PRACTICES

Over the past decade, small and medium-sized practices (SMPs) have been steadily expanding their footprint globally. In fact, this segment of the auditing profession is increasingly taking on more complex engagements and filling critical gaps in many markets. Some of the key drivers for this growth stem from this sector's agility, understanding of local markets and the ability to offer tailored services.

Importantly, this high growth rate is happening during an era of rapid change, where audits are not just a compliance exercise but a cornerstone of public trust in the financial markets. As such, it is becoming that more crucial to ensure that SMPs have a solid foundation to build on as they gradually capitalise on this growth trajectory, which is essentially redefining their role in the financial reporting ecosystem.

"But with great growth, comes great responsibility." This is the caution that Naweed Lalani, Director of Audit and Infrastructure Supervision at the Dubai Financial Services Authority, gave in his keynote address at the beginning of a webinar on *Building a Future-Ready SMP: Technology, Professional Growth, Ethics and Culture*. This event, held on 20 November 2025, was the second SMP-focused webinar that the Independent Regulatory Board for Auditors (IRBA) has facilitated in the past 13 months.

"From a regulatory standpoint, I view this expansion as a positive force for competition and diversity in the audit landscape. It promotes resilience in the profession and ensures that audit quality is not concentrated in the hands of a few. I expect SMPs to scale up not just in size, but also in sophistication, maintaining the high standards that safeguard investor confidence and economic stability," he stated.



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For that reason, as the client base grows for this sector, its ability to deliver high-quality audits competently, without compromising on quality, will also have to improve. This is critical because consistent audit quality is non-negotiable. That improvement will require, among others, effective systems and processes; investments in human capital, scalable infrastructure and new technologies, including artificial intelligence (AI); and technical competence, which includes cultivating critical thinking skills that can enable auditors to navigate ambiguity and make sound judgments.

"Technical competence today also demands that we need to embrace AI and technology. SMPs, with their inherent flexibility, are perfectly positioned to integrate these innovations. AI-powered analytics can automate routine tasks, such as casting and reconciliations, freeing up time for deeper analysis. The key is to use them ethically and effectively ensure that AI augments human judgment rather than replace it," Lalani said.

Human and Machine: The Ultimate Future Audit Team?

Without any doubt, emerging technologies are becoming an imperative tool that a future-ready SMP has to embrace, if it wants to be an effective role-player in this ever-evolving landscape. However, professionals need to be cautious of the hype around AI and should always keep in mind that these tools are enablers and not the answer to everything. That then means fundamental principles – such as

professional scepticism, which entails a questioning mindset and a critical assessment of audit evidence – should never be assigned to a machine.

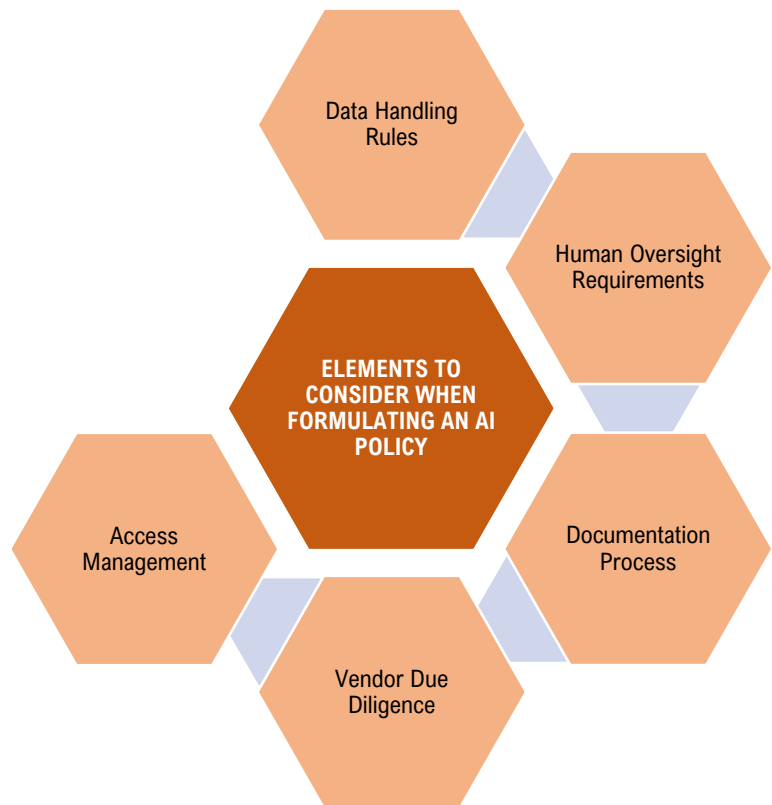
These are some of the views expressed during the panel conversation on AI and emerging technologies. Its particular focus was on exploring the opportunities and risks associated with the adoption of these new technologies in audit practice. Lynette Roeloffze (Partner at Forvis Mazars South Africa) was the panel moderator, with Christiaan Steyn (Product Executive at Caseware Africa) and Andrew Alt (Chief Imagination Officer at Draftworx) as contributors. Below are some key points from their conversation.

- As with any tool, use AI where it makes sense (e.g. data extraction, matching and verifying information, summarising key content and document comparison).
- Bear in mind that there are place where its use can introduce additional risks.
- Be aware of what tools are available and which ones will be compatible with your firm’s needs.
- Keep a close eye on your data with regard to where it is stored and how it is used.
- Be cautious of sharing data on freely-available tools.
- Use AI tools for insights, information-gathering and to essentially eliminate manual work, and not rely on them for decision-making.

When thinking about AI use, remember that its adoption can create chaos, if the right systems are not in place prior to embracing such a shift. For example, it is important to first consider what the biggest risk might be with AI use, so as to ensure that responsive processes are developed before its adoption. One of these risks could be client data privacy.

Therefore, before considering AI, it is essential for the firm to have the relevant structured processes and methodologies in place. Examples could be with regard

to governance and change management to monitor risk. “If there’s no accountability assigned within the firm and no one really owns the technological rollout and manages that adoption to monitor risk, it is not really going to work. So, without leadership sponsorship, there will be a lot of money spent on the tools, but ultimately they will become shelfware,” warned Steyn. Ultimately, if the basis for the adoption and use of AI is weak, then the risks will multiply significantly.



Ethics: Not Up for Negotiation

“Your reputation is like glass. When cracked, it can never be repaired.” Therefore, as a firm, “it is important to protect the reputation that you have built and not to compromise on your ethics merely for convenience or profit”. These thought-provoking statements – respectively expressed by Caryn Maitland, who lectures advanced financial accounting, and Babalwa Gova, Managing Partner at MaJali Chartered Accountants – encapsulate the discussion held on ethics.

They shared these intriguing thoughts during a panel discussion on ethics and organisational culture. Moderated by Liezel Du Preez, a Professional Manager at the IRBA, the core topic was on the influence of leadership in fostering an ethical organisational environment and the advantages associated with maintaining a healthy workplace culture. The questions and the related answers below highlight some of the main reflections from the conversation.

What are the qualities of ethical leadership and firm culture?

- **Transparency** – be open with your team about decision-making processes.
- **Consistency** – ensure firmness in how you apply the firm’s guiding principles, so as to empower staff to make ethical decisions independently.
- **Role-modelling** – as a leader, you must embody the values that you wish to see in your organisation because you cannot expect those around you to be something that you are not.
- **Honesty and integrity** – these are foundational pillars of ethical leadership.

How does one measure and monitor ethical behaviour?

- **Observable behaviours and accountability** – engender staff accountability and the willingness to admit mistakes, to create an environment where errors are viewed as learning opportunities, rather than grounds for punishment.

Proficiency Development Support

When it comes to shaping and mentoring forward-thinking, competent auditors, the SMP sector has a key role to play. With that responsibility, these firms have to offer conducive training environments that can produce highly-skilled professionals. In view of research indicating that lack of quality human capital is one of the main contributors to audit failures, the vital role of SMPs cannot be overemphasised.

So, what programmes are available to support the development of future-ready, highly-skilled auditors? The IRBA has the [Audit Development Programme](#) (ADP), which has been designed to develop and produce competent and high-calibre professionals. To register as a candidate, one has to be a chartered accountant that is in a managerial position at a firm, as Zaakirah Mohamed, an ADP Inspector, explained. Also, the candidate must be a reviewer who performs audits and is thus gaining certain competences, in line with the IRBA Competency Framework. That then makes the ADP the joint responsibility of the IRBA and the firms.

An integral part of the programme is the firm monitoring process, through which firms that have candidates on the ADP are subject to an evaluation of their environments, to assess if they meet the required standards to develop proficient registered auditors. Partly, this is done by reviewing the firm’s compliance with the relevant quality standards. In her presentation, Mohamed detailed the monitoring process, while also debunking any myths and misconceptions about it.

“It is very important to note that the ADP monitoring inspection is developmental. It allows us to be able to highlight to you where the gaps in your compliance are, with regard to quality frameworks and certain International Standards on Auditing; and that gives you the opportunity to correct these before any other [IRBA] inspections, if you are selected,” she noted.

Therefore, it is in the best interest of all firms to implement the recommendations that are an outcome of the ADP monitoring process.

- **Intentional reflection and learning** – deliberately reflect on both positive and negative experiences, to learn from mistakes and successes because that will support internal growth and continuous improvement.
- **Maintain objectivity, while balancing familiarity and authority** – as a leader, have a degree of professional distancing from staff, to objectively observe organisational dynamics and preserve authority, while still being approachable.

What are the challenges and threats to ethical decision-making?

- **Commercial pressures and resource constraints** – fee pressures are a reality, while staff shortages could lead to compromises on quality.
- **Maintaining quality standards** – prioritise quality over convenience and refuse to cut corners, even under challenging circumstances; and, more importantly, instil this principle as a core part of the firm culture.
- **Familiarity risks and professional boundaries** – there is always the risk of blurring the lines, as close relationships with clients and staff can make it difficult to maintain objectivity and enforce ethical standards.

In a nutshell, despite the rapidly-evolving landscape and the torrent of technological tools being released into the market, the strength of a proficient audit still heavily relies on human critical thinking capabilities and expertise. Emerging technologies are vital tools that auditors need to utilise, in an ethical way and with integrity, to further enhance the quality of the audit product and strengthen public trust in the profession.

A video recording of the webinar and the presenters' slides are available on the IRBA website.

(Note: The questions and bullet points highlighted under the ethics section is slightly edited AI-generated content automatically created during the webinar.)