

## Parliamentary Joint Committee on Corporations and Financial Services: Statutory Oversight of the Australian Securities and Investments Commission

Ms Liz Stamford, Head of Audit Policy, Institute of Chartered Accountants Australia

15 March 2013, Sydney

### Opening statement

Good morning, my name is Liz Stamford, Head of Audit Policy at the Institute of Chartered Accountants Australia. I'd like to pass on my apologies firstly on behalf of our CEO Mr Lee White who couldn't be here today. And I thank you for the opportunity to speak to you today.

The Institute has a pivotal role in upholding financial integrity in society, representing more than 72,000 current and future professionals and business leaders. Our members work in diverse roles across the community. The Institute provides technical training, resources and tools to support the development of members' knowledge and skills, and we enforce high professional and ethical standards.

I'm responsible for leading the Institute's policy and advocacy work in audit and assurance. As part of our co-regulatory function in overseeing and maintaining quality within the audit profession, we work closely with regulators and standard setters, including the FRC, AUASB, and ASIC. We are also actively engaged with stakeholders internationally.

We run a Quality Review Program which is an important component of our professional compliance framework and is part of the co-regulatory review with ASIC's inspection program. Early last year, as part of our Quality Review Program, we conducted a survey of partners, managers, newly qualified accountants and graduates, from major accounting firms in Australia. The survey was to explore their perceptions of the main drivers of audit quality.

The research highlighted the importance of behaviour and culture and, significantly, drew out an issue that goes to the heart of audit - something the Institute has long been focused on - the importance of professional scepticism. 97% of the over 1,700 respondents rated professional scepticism as one of the top three most important skills in their role. This was across all levels. The findings clearly show a strong awareness of the importance and implications of professional scepticism in practice. The Institute has therefore concentrated its efforts on identifying ways to nurture and enhance the application of this skill and on helping firms to strengthen their culture to expect and support the appropriate level of scepticism being applied. Providing opportunities for coaching and mentoring is one aspect the Institute is addressing in our follow up discussions with firms. We are also looking at options for behavioural science training for our members to help strengthen the ongoing application of professional scepticism.

The Institute is committed to working with regulators, standard setters and the firms to address any areas for improvement to achieve the overall objective of enhancing audit quality.