

Institution: Robert Gordon University		
Unit of Assessment: 17 Business and Management Studies		
Title of case study: The Requirement for Change and Evolution within Audit Teams		
Period when the underpinning research was undertaken: 2013 to 2018		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Gammie, Elizabeth Crawford, Louise	Professor Professor	10/04/1989 – to date 01/01/2016 to 31/08/2018
Period when the claimed impact occurred: 2015 to date		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact (indicative maximum 100 words)		
<p>This research into the skills and competencies of future audit teams has influenced educational strategy on the national and international stage. The initial research, led by Gammie has informed:</p> <ol style="list-style-type: none"> 1) the training of future auditors in global firms such as Deloitte, 2) the development of revised competency frameworks by national bodies such as the South African Institute of Chartered Accountants (SAICA) 3) changes to International Education Standards (IESs) 2,3, 4 and 8, and 4) the development of new training models for a proposed newly constituted corporate auditor profession in the UK. 		
2. Underpinning research (indicative maximum 500 words)		
<p>In 2013, after a competitive process, ICAS and the UK Financial Reporting Council (FRC) commissioned two international teams of researchers to undertake studies to identify the attributes, competencies, professional skills and qualities needed in an audit team in order for it to perform a high-quality public interest audit in a modern and complex global business environment.</p> <p>One of the commissioned research teams, led by Gammie, (with Baric (U. Pretoria); Staden (U.South Africa); Howieson (U. Adelaide)), explored the views of key audit stakeholders in Australia, South Africa and the UK. The researchers conducted interviews with individuals who were directly involved in the audit process, including engagement partners, chairs of audit committees, chief financial officers, chief audit executives (internal audit) and experts in six of the largest listed companies in these three countries. Individuals who have some oversight, public policy or educative role with regard to audit, in each of the three countries, were also interviewed, giving a total of 84 interviews.</p> <p>The main recommendations in the report of the study⁽ⁱ⁾ were as follows:</p> <ul style="list-style-type: none"> • A constructive debate is now required about the future of audit. • There is an increasing need in audit teams for people with more diverse backgrounds. • Specialists should be recruited and then trained in audit to become an effective part of the audit team. • Competency maps and frameworks, and CPD offerings should be adapted for the development of data interrogation and analytical skills, broad business acumen and forensic skills. • There should be more focus on the development of mid-career professionals. 		

- That – with the exception of financial services – specialising too early can sacrifice breadth of experience.

A subsequent joint report (2016) entitled *Auditor Skills in a Changing Business World*⁽ⁱⁱ⁾ was produced by a joint ICAS and FRC Steering Committee within which **Crawford** was a member. This report built on the research above and also called for a debate on the future of audit and the skills needed to meet the vision of the auditor of the future. Highlighting the risk that current audit teams are unlikely to be able to deliver the requisite skills required for, and meet the demands of, complex company audit, the Steering Committee called for action from the firms, professional bodies, regulators and standard setters, and investors.

The report focused on three main areas that need to be developed to equip the audit team of the future to undertake an audit that is more holistic and useful for shareholders and society. These were categorised as:

- Advanced business acumen skills.
- Technology and data interrogation skills.
- Soft skills.

Gammie was subsequently invited in 2017 to join the International Accounting Education Standards Board (IAESB) Task Force on Professional Skepticism. The group undertook research to explore good practice for the development of professional skepticism with a view to changing the accounting education standards for professional accountants. The Task Force also provided professional bodies with guidance and support tools to enhance their education provision through the IAESB's Accounting Education Insights series and **Gammie** was responsible for the unconscious bias guidance paper⁽ⁱⁱⁱ⁾.

3. References to the research (indicative maximum of six references)

- i) Baric, K, **Gammie, E.**, Howieson, B. and Van Staden, M., (2016) *The Capability and Competency Requirements of Auditors in Today's Complex Global Business Environment*, Monograph ICAS; Edinburgh (peer-reviewed report)
- ii) ICAS and FRC (2016) *Auditor Skills in a Changing Business World*, Report ICAS and FRC, Edinburgh
- iii) **Gammie, E.**, (2018) *Unconscious Bias and Professional Skepticism*, Accounting Education Insights, June, IAESB, New York
- iv) Barac, K., **Gammie, E.**, Howieson, B. and Van Staden, M., (2019) How do auditors navigate conflicting logics in everyday practice? *Professions and Professionalism*, 9, 3, e2916

4. Details of the impact (indicative maximum 750 words)

This research into the skills and competencies of future audit teams has influenced educational strategy on the national and international stages.

The Capability and Competency Requirements report (CCRR)⁽ⁱ⁾ was used by the IAESB to inform the Consultation Paper 'Meeting Future Expectations of Professional Competence: A Consultation on the IAESB's Future Strategy and Priorities' (2015) on trends in the auditing profession and implications for accounting education. Specific areas of reference to the CCRR were:

- 1) the changing role of professional accountants due to the increasing depth and complexity of accounting issues;
- 2) the growing need for specialisations and the need to be able to work across different jurisdictions;

- 3) the changing policy and content due to the need for auditors and audit firms to improve the quality of their work;
- 4) the continuing importance of systematic risk in the auditing environment;
- 5) the accelerating development of new forms of corporate reporting and
- 6) the growing impact of the dynamic IT.

The IAESB consultation paper was subsequently developed into the IAESB's 2017-2021 future strategy and 2017-2018 work plan. The IAESB set up two task forces to look at professional skepticism (within which **Gammie** was a member) and ICT (whereby **Gammie** acted as a member of the cold review team) respectively, both of which utilised the CCRR to inform their thinking. As a result, an exposure draft was published in December 2018 which speaks to strengthening professional skepticism to improve the quality of financial reporting and auditing and developing competence to meet ICT's disruptive potential. This exposure draft proposed revisions to the learning outcomes of International Education Standard 2, 3, 4, and 8 and following comments from respondents which were considered at the IAESB's April 2019 meeting, revised standards were issued in October 2019.

The educational impact of CCRR⁽ⁱ⁾ is also evidenced by its extensive utilisation by the South African Institute of Chartered Accountants (SAICA) and the Independent Regulatory Board of Auditors (IRBA) to develop a revised competency framework which is currently driving the education and training of future South African Chartered Accountants and Registered Auditors. Concepts contained in the report also informed Deloitte around the talent models they continue to develop within the audit practice.

The work was the subject of a session at the Public Interest Oversight Board (PIOB) workshop 'Preparing for the Next Generation of Auditors in New York' in September 2016 prior to the publication of the Auditor Skills in a Changing Business World⁽ⁱⁱ⁾ on #AuditorProud day, 22 September, 2016. The research^(i,ii) was then discussed at a joint ICAS/FRC discussion event in London in November 2016 and has subsequently attracted international interest.

For example, Chartered Professional Accountants (CPA) Canada used the research findings and recommendations to inform their project on the Future of the Profession. ICAS were invited to co-host an Audit Symposium with CPA Canada in Toronto in November 2017 where one of the topics was the future skillset of auditors. As a result, a joint publication between CPA Canada and ICAS entitled 'Audit and Assurance in the Future' was published in 2018 which makes extensive reference to the audit skills work. ICAS also held a follow-up Future of Assurance Symposium in Edinburgh in November 2018, where audit skills continued to be a key topic for discussion. The FSR - Danish Auditors, the only professional accounting organisation in Denmark, has also made extensive use of the audit skills research and they continue to liaise with ICAS on this topic.

The findings of the work were also presented by ICAS for Audit Scotland to inform their future training strategy in terms of the skills needed for the auditors of the future.

In addition, CCRR⁽ⁱ⁾ has been used by an ICAS working party (of which **Gammie** is a member), established in 2020. The team was set up to look at the recommendations made by Lord Brydon in 2019 who was appointed by the UK Government to provide an independent review into the quality and effectiveness of audit. Given the potentially strategic and long-term impact of the Brydon recommendations to the future of many institutions and organisations, ICAS sought to influence and input to the consultation process, in its role as a professional body. Two of the recommendations of the CCRR report, namely, (1) to train specialists involved in the audit process but who have no audit background, such as geologists, in audit to improve their contribution to the audit process and (2) focus more on the development of mid-career professionals, are key parts of the ICAS recommendations and response to Brydon.

5. Sources to corroborate the impact (indicative maximum of 10 references)

<https://www.iasplus.com/en-gb/news/2016/09/frc-icas-steering-committee-report-audit>
(accessed 12/1/21)

<https://www.icas.com/thought-leadership/research/icas-and-frc-call-for-action-to-avoid-a-potential-audit-skills-gap-in-the-future> (accessed 12/1/21)

<https://www.cpacanada.ca/en/business-and-accounting-resources/audit-and-assurance/standards-other-than-cas/publications/audit-and-assurance-in-the-future>
(accessed 12/1/21)

Email from Will Smith Partner Audit and Assurance Deloitte LLP

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