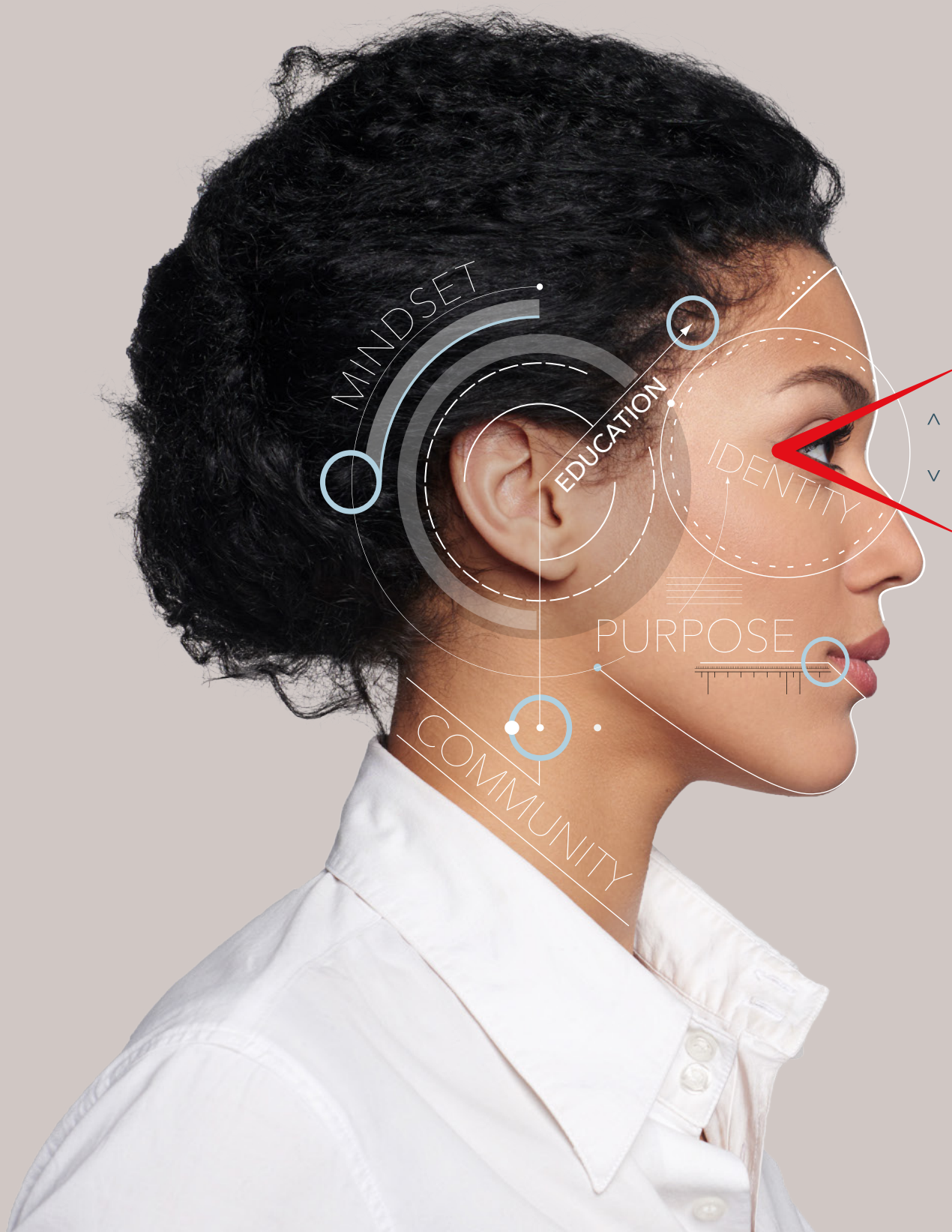


Audit Manifesto

EXECUTIVE SUMMARY



Audit Manifesto

This Audit Manifesto distils knowledge and insights from ICAEW's AuditFutures initiative into five principles for thinking differently about audit and building a modern audit profession.

These five principles should be at the heart of audit reform. They call for serious attention to purpose, identity, community, education and mindset. They could help to advance the policy debate and guide the audit profession on its journey towards a better future.

Echoing the observation by Sir Donald Brydon that 'audit is not broken but it has lost its way and all the actors in the audit process bear some measure of responsibility', the Manifesto is a call to the audit profession to take appropriate ownership of how it is reshaped and rebuilt. By seizing the initiative, the audit profession can enhance trust in business and itself, reaffirm its public interest role, and strengthen its position in society.

The Manifesto forms part of an upcoming major report. The report and associated online materials will help to inform the dialogue between stakeholders which AuditFutures will be encouraging in the coming months. We invite you to join us. Together, we can think differently (and better) about audit and its future. Together, we can build a sustainable future for audit, and in a small way, a better world.

INSPIRATION

Since its earliest days, in the tailwinds of the global financial crisis, AuditFutures has been initiating open, collaborative dialogues on the future of the audit profession. We have engaged with a community of more than a thousand people, in audit and beyond, to gain deeper insights into their experiences, ideas, inspirations, philosophies and predictions, and to learn from them. The energy, passion and commitment of our community were the driving force for our work.

Along the way, AuditFutures has explored new and different ways to reimagine audit and challenge the profession out of its comfort zone. We have facilitated deep, collaborative discussions; iterative and cross-professional learning; and shared practical approaches to 'thinking differently' and considering things from alternative points of view. Adopting these approaches has enabled people in and around the audit profession to critically reassess their present and envisage a better future.

VISION

AuditFutures has always had a clear vision for the profession: to serve society. Understanding, questioning and unpacking the social purpose of the audit profession has been at the heart of our projects and workstreams. Now, these dialogues can help to create the clarity of social and economic purpose that is needed to guide progress in audit as a practice, service and profession.

Evolution is necessary. Just as audit developed to meet the evolving needs of the past, it must develop to meet the evolving needs of the present and anticipate the needs of the future. To do this, those in and around the audit profession will need to enter unfamiliar territory, consider uncomfortable questions, and adopt unfamiliar ways of thinking and seeing.

AuditFutures has explored, developed and applied approaches that could allow for positive and meaningful change by: actively seeking fresh perspectives; listening to and understanding young auditors; learning from other disciplines and professions; improving collaboration with the academic community; and thinking conceptually differently about audit.

LEADERSHIP

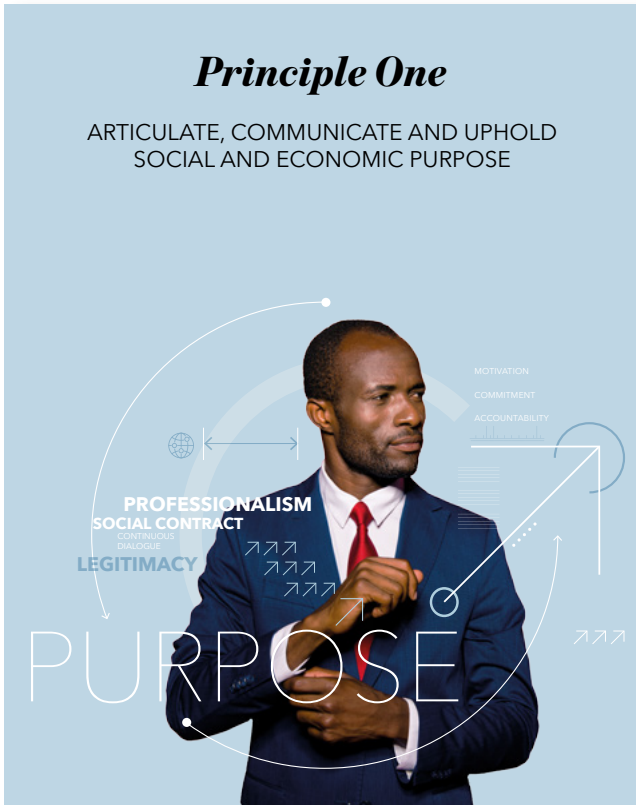
To redesign the audit profession so that it brings out the best in its people, it needs to be self-critical; each and every auditor needs to question their own values and assumptions. Auditors need to think about the sort of society we all want to create and consider the wider role and purpose of the audit profession in serving the public interest.

The profession should invite fresh perspectives and radical thinking to assist it in understanding key issues facing the profession and the society it serves, so that it can create better solutions which are in the public interest. It should strive to respond dynamically to evolving social and economic needs, technologies and work patterns; to reassess and renew its role and strengthen its place in society.

Principles for building a modern audit profession

Principle One

ARTICULATE, COMMUNICATE AND UPHOLD SOCIAL AND ECONOMIC PURPOSE

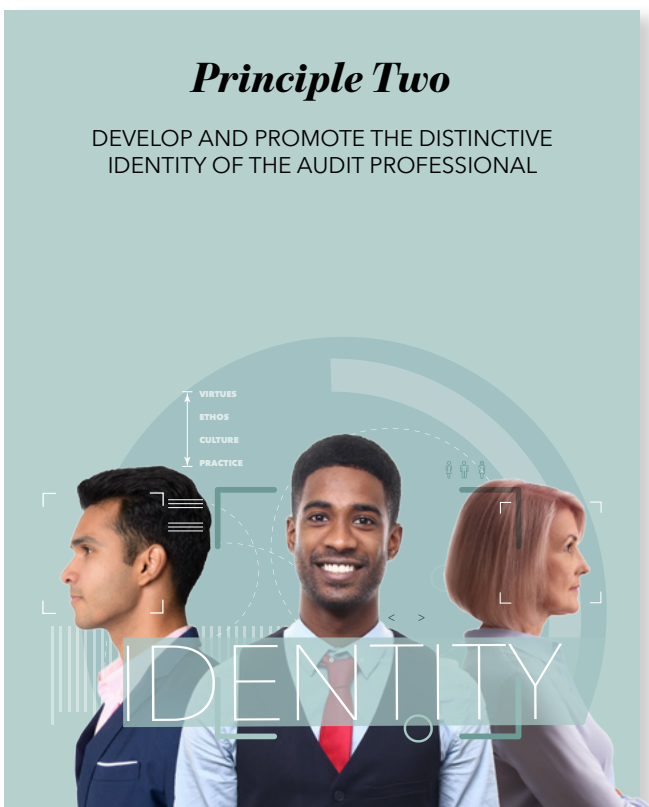


The social and economic purpose of audit underpins the social contract and legitimacy of the profession and provides direction and meaning to innovation and improvement of services. Most importantly, understanding the purpose behind an individual's tasks is essential for their motivation, commitment and quality of work. A vibrant and socially relevant audit profession can inspire, attract and retain responsive and talented people who are seeking work with meaning and relevance.

The audit profession can better crystallise its purpose by facilitating dialogue with stakeholders across the wider ecosystem in which it operates – and beyond. Such deliberate engagement with society will demonstrate leadership and initiative and will enable trust and accountability.

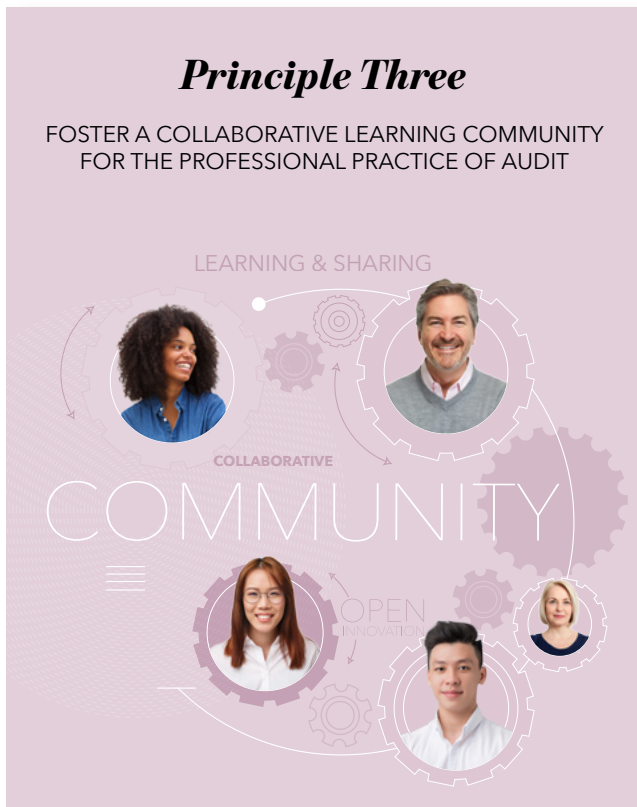
Principle Two

DEVELOP AND PROMOTE THE DISTINCTIVE IDENTITY OF THE AUDIT PROFESSIONAL



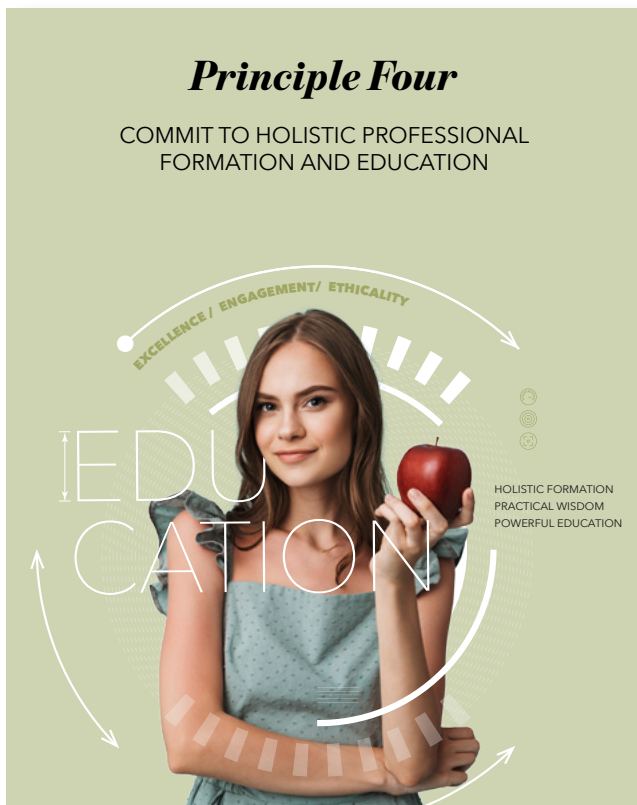
A distinctive professional identity is linked to how individuals see their work. It influences how they contribute to the purpose of their profession and how they communicate its value. The cultivation of identity is a continuous journey throughout the various steps of professional preparation and is reinforced through lifelong learning and practice. A modern profession needs to consider more systemically the elements of this journey and how they underpin professional identity, culture and practice.

It is important to plan the resources and design the conditions that foster auditors' moral and intellectual qualities, as well as the beliefs and ideals they should hold for the profession. This systemic approach will help attract and retain talent with the needed values, behaviours and commitments. Professional identity entails virtues and world views that are largely reinforced and promoted by the underlying ethos of the profession.



A modern profession should facilitate learning between firms and create precompetitive spaces that advance its knowledge and promote its social and economic role. Audit firms of all sizes would benefit from collaborating in practice areas where each could perform better and where there are new challenges to resolve. The value of ‘collaborative communities of practice’ has already been demonstrated by practitioners in various sectors and professions.

Practitioners need physical and mental spaces where they can learn and deliberate. Doing this within and across organisations, allows individuals to develop agency and mechanisms for solving complex problems. Safe spaces allow for experimentation and learning that could unite the profession around a common purpose in serving the public interest.



Powerful educational experiences can foster a sense of liberation, curiosity and commitment. A modern audit profession needs a level of formative preparation and ongoing training that will inspire, build and sustain its professional workforce. This requires holistic attention to the conditions, theory and approaches to learning, in order to cultivate capacities of judgement and qualities in aspiring auditors.

Formative education and training should, ideally, broaden capabilities and perspectives that are beyond the required technical excellence and skillset. Approaching professional formation more holistically would help to increase attention to developing curiosity, scepticism and critical thinking.

More meaningful professional education and training could be built on three interwoven aspects: excellence (pursuing a ‘good’ that is internal to the practice of audit); engagement (the ability and motivation to critically engage with the purpose and function of audit); and ethicality (a broad understanding of ethics that emphasises ‘being’ rather than doing).



Principle Five

ADOPT A 'DESIGN MINDSET' TO
THINK AND WORK DIFFERENTLY

A modern audit profession should reach out beyond its traditional stakeholders. In order to be trusted and responsive to the evolving needs of business and society, it has to find ways to engage more widely and deeply.

Adopting a design mindset could help the audit profession to expand its ideas of what is possible and desirable, and to find a way forward – to innovate. It will benefit from applying different perspectives and lenses to problem solving and from embracing iterative developments to drive change in an agile way and with pace. Design approaches have helped innovators in the arts, sciences and business to think differently about purpose, experience and services.

This people-centred approach has the potential to foster different ways for the audit profession to think, work and support continuous learning and improvement. Attending to the experiences of auditors and other stakeholders could empower the profession to evolve and to adapt to the complex, changing reality of its ecosystem.



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icaew.com/auditmanifesto

ICAEW's AuditFutures is an innovative and collaborative initiative. We are an action-research programme that uses interdisciplinary thinking, design-led processes and interactive workshops to reimagine the audit profession.

Our ambition is to motivate and empower professionals by creating a more positive and creative vision of audit. We aim to catalyse innovation by challenging current practices and creating spaces for dialogue, collaboration and experimentation.

Join our conversation **#ICAEWAudit**

The ICAEW Audit and Assurance Faculty is the professional and public interest voice of audit and assurance matters for ICAEW and is a leading authority in its field. Internationally recognised as a source of expertise, the faculty is responsible for submissions to regulators and standard setters and provides a range of resources to professionals. It also offers practical assistance in dealing with common audit and assurance problems.

For more information on the faculty, the current work programmes and how to get involved, visit icaew.com/audit

There are more than 1.8m chartered accountants and students around the world and 186,500 of them are members and students of ICAEW. They are talented, ethical and committed professionals, which is why all of the top 100 Global Brands employ chartered accountants.*

ICAEW promotes inclusivity, diversity and fairness. We attract talented individuals into the profession and give them the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

Founded in 1880, we have a long history of serving the public interest and we continue to work with governments, regulators and business leaders around the world. And, as an improvement regulator, we supervise and monitor over 12,000 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

ICAEW is proud to be part of Chartered Accountants Worldwide, a global network of 750,000 members across 190 countries, which promotes the expertise and skills of chartered accountants on a global basis.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create strong economies and a sustainable future for all.

*CAW, 2020 - Interbrand, Best Global Brands 2019

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