

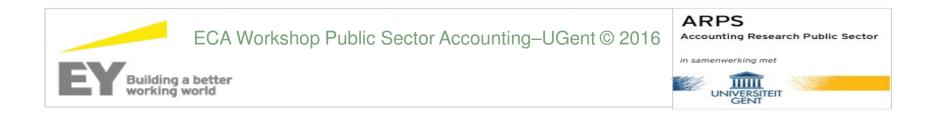
Auditors adjusting to reform

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### Auditors adjusting to reform Parallel session 2.2

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Agenda

- 1. Audit institutions facing the challenges... posed by NPM
- 2. Training the audit staff and introducing new specialists (or external experts)
- 3. Role of universities in
  - a) Training new graduates
  - b) Updating audit institutions staff
  - c) Providing research and advisory services







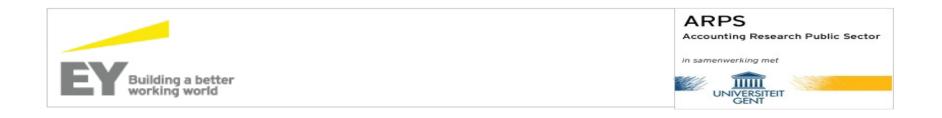
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# 1. Audit institutions facing the challenges... posed by NPM

- Cornerstone of *New Public Management*:
- Adoption businesslike accrual accounting next to existing budgetary accounting, management reform
- → Last years increased attention for audit consequences for audit institutions, audit firms, but also for EC and government policy





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# 1. Audit institutions facing the challenges... posed by NPM

- SAI → Intosai, Eurosai ISA standards for public sector: legality audit, compliance audit, performance audit
- Institutes Registered Auditors → adjusting to public sector auditing, from financial (compliance) audit to performance audit (e.g. Be ICCI perform. audit 2013)
- IIA → more integrated in recently set up internal audit services in public sector organizations (e.g. hospitals, universities, local governments, govern. agencies, ...)
- Oversight bodies → challenges to COSO approach: more risk-driven and cooperation with other auditors









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## 1. Audit institutions facing the challenges... posed by NPM

- Since 2014 in Flanders 'Single Audit' for governmental organizations: (= Flemish Ministries, agencies, public/ private non-profit organizations ESA code 13.12)
- Main audit actors: Belgian SAI, Registered auditors, internal audit agency, ministry of Finance, ...







## 1. Audit institutions facing the challenges... posed by NPM

• Single audit implies:

- Risk assessment and mutual exchange
- Planning audit activities
- Sharing audit files
- Shared audit standards and confidentiality
- Exchanging findings relevant for another auditor's discipline
- Audit reports according to actors' discipline and different stakeholders





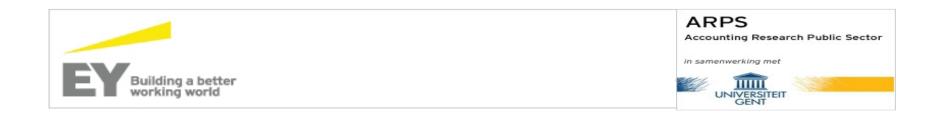


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# 1. Audit institutions facing the challenges... posed by NPM

- Single audit:
- Difficulties:

- different audit actors speak another language
- most of the actors not related to audit price implications (monopolies) whereas registered auditors being audit firms are in competition and price implications for the auditee
- Evaluation going on and positive perspective!



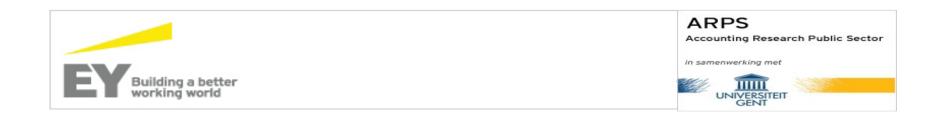
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# 2. Training the audit staff and introducing new specialists (or external experts)

• Need for courses and training:

- IPSAS

- ESA 2010
- ISA applied for public sector courses
- Public sector accounting and auditing, particularly for PPP
- Performance and value for money audit
- ...



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# 2. Training the audit staff and introducing new specialists (or external experts)

- Organizing courses, training, workshops:
  - By certain (audit) organizations, such as SAI (e.g. CIPFA UK), audit institutions, audit firms (e.g. Big four), private consulting firms, IT developing firms, universities
  - Possibly interorganisational courses and workshops, organized by different institutions together, e.g. SAI together with audit institution, ...
  - Possibly multidisciplinary courses and training, consisting of different disciplines and speakers, e.g. macroeconomists together with juridical experts, external auditors, internal auditors, officials from Eurostat, IT, ...







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# 2. Training the audit staff and introducing new specialists (or external experts)

- Organizing courses, training, workshops:
- Advantages / Difficulties:

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- + communication, exchanging points of view and know-how
- + teachers and tutors also learn
- often no examinations, nor testing

- sometimes not a condition in becoming registered auditor
- Specialization in audit firms not so easy (chicken and the egg): firm needs assignments in public sector to create specialists, but firm needs specialists to get assignments in public sector







### 3. Role of universities in ...

#### Training new graduates:

- Bachelors/Masters in (applied) economic sciences: finance, accounting, audit are an important element in these programs, but mostly not applied for the public sector
- Ba/Ma in law: procurement regulations, organization of public bodies, function and organization of courts, EU legislation, but education in accounting, finance, auditing is scarce
- Ba/Ma in public administration and management: public policy and management, public budgeting, relationships politicians –officials, but education in accounting, finance, auditing rather scarce
- Need for multidisciplinary approach combining elements of previous programs





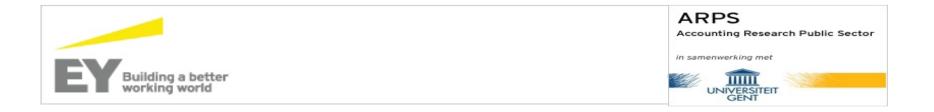


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### 3. Role of universities in ...

- Updating audit institutions staff:
- Audit institutions often have jobs for young academic graduated people, of whom many have one of the former degrees. There is also input from audit offices: juniors starting in an office and change their job after a couple of years







## 3. Role of universities in ...

- Providing research and advisory services:
- Major problem: universities more and more driven by performance indicators based on easy measurable 'impact scores' of papers published in recognized journals ⇔contrary to emphasizing real word questions and examining according difficulties
- E.g. research on single audit, importance of audit risk, audit quality, audit pricing, user needs, ... is very scarce:
  - is single audit really leading to an increased audit efficiency?
  - Procurement of audit services lowest price only criterion?









### 3. Role of universities in ...

- Consequences changed academic objectives:
  - Research aiming at papers in highly ranked journals
  - Less attention of researchers in stakeholder questions, problems
  - Publication management: submitting papers in journals after a trade-off impact score journal vs ability of getting paper published; maximizing number of publications, not contents of the research
  - Researchers working together in increasing number published papers, not in terms of research problems themselves; for certain papers more than 300 authors!
  - − Drifting apart of academics ⇔ practitioners
  - Academics less valorized by real world for scientific added value, but appraisal by internal performance indicators ARPS





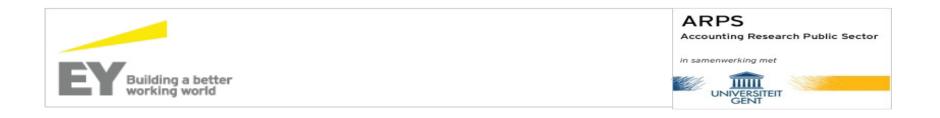




### 3. Role of universities in ...

#### Providing advisory services:

- Postexperience training
- Involvement in steering groups and multidisciplinary commissions
- Providing internships for Audit institutions
- Organizing master theses focusing on research problems occurring in oversight bodies, audit institutions, non-profit organizations





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### **Questions?**



