

BREAKFAST BRIEFING

Hosted by

The DFSA and the Institute of Chartered Accountants in England and Wales

The Future of Audits

Wednesday 20 September 2010, 8.00 to 9.30 DFSA, Level 13, The Gate (West Wing), DIFC

Introduction and Moderation:

Edward Quinlan, Chairman, Members Advisory Board, ICAEW Middle East

Panel:

Paul Koster Chief Executive, DFSA

- The Regulator's Perspective
- Expectations Gap
- Auditor Independence
- Substance over form
- Uniform Regulation

Ashish Dave Executive Director, Abraaj Capital Limited

- Importance of looking at it from the point of view of stakeholders
- Cannot be delinked from the accounting standards

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- Key is for auditors to understand the business and the environment that it operates in
- Training of auditors and the development of specialist knowledge
- Auditor independence and liability
- Pricing of an audit - still seen as a commodity
- Regulation of audit

Robert Hodgkinson Executive Director, Technical, ICAEW

- Recent trends to toughen the regulation has led to perception of audit failure has not been associated with global financial crisis
- New concerns about the relevance and scope of the financial statement audit
- Calls to improve the relevance and scope of the financial statement audit
- The potential limits of a highly regulated model are also reflected in demands for alternatives to the audit in relation to the financial statements of SMEs
- ICAEW and Audit Quality Forum thought leadership work

Ron McMillan Deputy Chairman and Head of Assurance for the Middle East Region,
PWC

- The future of audit is inextricably linked to the future of financial reporting
- Need to question whether compliance with accounting standards and auditing standards is sufficient to ensure that accounts paint the appropriate picture.
- Regulators and the market have to take a keener interest in audit outputs.
- Need to establish mechanisms for investors to express concerns to auditors.
- The quality of audit outputs is frequently a function of the quality of corporate governance.
- Need to question about the benefits and risks associated with management being, in substance, responsible for audit appointments and fees.
- Need to question rotation of audit partners is good or bad.
- Need to address the whole professional negligence issue.
- The value of an audit is multidimensional, including the value to the auditor.
Some fees are simply too low and discourage firms from doing proper jobs.

Trevor Skinner Reviewer, Central Bank of the United Arab Emirates

- The usefulness of the 'snapshot' financial statement
- Provisioning (the concept of dynamic or through-the-cycle provisions)
- The usefulness of notes to the accounts

Refreshments will be served throughout the session