

Mazars shares global market view on future direction of audit and invites stakeholders to consider necessary changes for its evolution

- Data from 12 countries increases understanding of today's audit market and helps dispel four 'myths' relating to audit's objectives, appetite for joint audit and the role of auditors and technology
- Vast majority (93%) of audit users think audit needs to be reformed and 87% are favourable to joint audit
- Companies overwhelmingly welcome auditors expanding assurance services beyond financial reporting (96%); value a human-centric approach supported by technology to reinforce audit quality; and view boosting objectivity, confidence, and performance as primary audit goals

Paris, 17 February 2021: Mazars, the international audit, tax and advisory firm, today releases the results of its survey of 500 audit users and decision makers from 12 countries in 'The future of audit: market view - myths, realities and ways forward'.

The findings challenge common myths relating to audit and shed light on four main areas: appetite for joint audit is higher than frequently assumed; companies expect technology to empower the diverse skillsets of auditors, rather than replace them; respondents would welcome a broader, not narrower, range of services from their auditor; and there is a disconnect between what companies view as the 'mission' of auditors and the benefits of an audit of their company.

Hervé Hélias, CEO and Chairman of Mazars Group, says: "By asking companies for their expectations surrounding audit and the professionals who deliver it, the value they get from it, and how the service can evolve, the survey builds a detailed picture of the questions that concern today's audit market. Audit has always been at the heart of what we do, and it is our responsibility to work with others to improve its relevance and quality."

He adds: "The public interest is at stake and we hope these findings help create a conversation about the necessary evolution of the profession and move the debate forward."

Significant majority in favour of audit reform and joint audit

Conducted in September 2020, the survey finds 93% of audit users think the market needs to be reformed; 87% are favourable to joint audit and 88% of companies with joint audit experience are favourable to it.

Technology reinforces quality and empowers auditors

The respondents recognise technology improves audit quality and want technology to enhance auditors' skills, not replace them. More than nine-in-ten (93%) think technology saves time and 92% say it helps auditors step back to better analyse and challenge data.

Respondents also confirm the core skills of an auditor, none of which can be easily replicated by technology. The five most chosen attributes of a good auditor are: rigorous thinking and strong sense of organisation (53%), critical thinking (50%), listening (49%), discretion (44%), and proactivity and creativity (44%).

Auditors encouraged to expand services beyond financial reporting

A vast majority (96%) encourage auditors to broaden the range of their assurance services. In particular, 87% are favourable to audit extending into new areas of non-financial reporting, e.g. on climate risk, gender diversity and human rights. Broadening the range of services from auditors could be beneficial to overall audit quality as firms need to attract and develop talent with a breadth of expertise.

Detecting fraud is not seen as the main objective of an audit

When asked what an audit will deliver, 74% say 'an objective and independent opinion on the financial statements of my company', followed by 'assurance and confidence for investors, stakeholders and regulators' (61%), and 'support to improve business performance' (52%). Just 34% answer 'detection and prevention of fraud'.

David Herbinet, Partner and Global Audit Leader, Mazars, says: "There are clear misconceptions about the mission of auditors, which underline the need for more transparent conversations on audit scope. Identifying all possible frauds is not, at present, part of an auditor's mission. In fact, fraud detection and investigation require a specific scope of work and means - such as those used in forensic activities - than what an audit is currently asked to deliver."

He adds: "That is why these findings are so important: they present the market view of audit today and allow us all to explore what needs to change so that audit can evolve for its future applications and purpose."

Europe most supportive of evolving audit, significant majority back joint audit

The double-blind survey reveals respondents in Europe are more supportive of audit reform than the rest of the world: 72% say the market 'absolutely' must be reformed (64% overall). In Germany, 100% of respondents say audit should be reformed (91% 'absolutely'), while 98% in France (93% 'absolutely') and 87% in the UK (38% 'absolutely') say the same.

A significant majority (85%) of respondents in Europe are favourable to joint audit, with 51% 'strongly favourable' and 34% 'somewhat favourable'. In the UK 89% are favourable to joint audit (53% 'strongly', 36% 'somewhat'); in France 83% are favourable (57% 'strongly', 26% 'somewhat'); and in Germany 77% are favourable (45% 'strongly', 32% 'somewhat').

Europe is the continent where 'new areas' of audit are most well-received: 62% say non-financial reporting is very important, compared to 50% in Asia-Pacific and 43% in Africa.

###

Methodology

In September 2020 Mazars commissioned Edelman Intelligence to conduct a double-blind survey (Mazars' name was not revealed) to identify the perceptions and needs of businesses (including public interest entities) and representatives from audit committees regarding audit and their current statutory auditor.

The survey had a sample of 501 respondents, with nearly half of respondents based in Europe and 211 from public interest entities (all in Europe). All respondents were in strategic positions (CFOs, CEOs, or members of audit committees) at organisations headquartered in one of the following 12 countries: France (18% of respondents), UK (15%), Germany (13%), South Africa, (9%), Australia (8%), USA (7%), Brazil (6%), Netherlands (6%), Spain (6%), China (5%), India (5%), Morocco (1%)

Some 68% of respondents identified as male, 32% as female. CFOs made up 48% of the respondents, CEOs 40% and members of audit committees 12%. Size of organisation of respondents: 50-100 million \$USD (8%) 100-200 million \$USD (26%), 200-500 million \$USD (42%), 500 million and over \$USD (24%).

Contact/s

Edward Baggaley, Global Campaigns Manager, Mazars
edward.baggaley@mazars.co.uk / +44 (0)78 2408 6578

David Pilař, Marketing & Communication Manager
david.pilar@mazars.cz / + 420 604 100 491

About Mazars

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of more than 42,000 professionals – 26,000+ in Mazars' integrated partnership and 16,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

<http://www.mazars.com> | <http://www.linkedin.com/company/mazars> |
<https://twitter.com/mazarsgroup>