

Welcome!

**Auditing and
Assurance
Special Interest
Group Meeting**

**Auckland
6 July 2014**

Schedule

9am: Welcome and Annual General Meeting

9.15am: Developments in Auditor Reporting

10am: Morning Tea

10.30am: Panel on Audit Quality and Inspections – Regulator and Practitioner Perspectives

12 noon: Update on Synthesis Projects

12.30pm: Lunch

Update on SIG Activity

- Formed in 2010, we met for the first time in 2011 in Darwin with 33 attendees, 2012 in Melbourne with 50 attendees, 2013 in Perth with 40 attendees and we have 35 attending today together with a number of colleagues attending for the first time from NZ.
- Membership has stabilised at around 50 members.
- We have sponsored the Best Paper award in the Auditing section.
- The mailing list is a great way to contact and mobilise Australian and New Zealand audit researchers on areas of interest eg Conferences, Journal Rankings, Special Issues of Journals, etc.
- We will be providing an update on the latest round of CPA synthesis projects during the meeting today.

Objectives

- providing a forum for continuing education in relation to the teaching of audit, assurance, ethics, risk management and governance issues
- providing a forum for continuing education with regard to current professional issues in relation to auditing and assurance
- disseminating information and communicating members' research interests and emerging issues in research
- providing opportunities to present new research ideas and work-in-progress in supportive workshops with more time than is usually available at a conference
- providing opportunities to present emerging issues in research methodologies
- initiating, encouraging and facilitating collaborative research
- encouraging both new and established researchers in auditing and assurance research using a variety of methods

Annual General Meeting

- Election of Office Holders
- Presentation of Accounts
- Plans for 2014/15
- Any Other Business

Election of Officeholders

- Elizabeth Carson, Chair
- Robyn Moroney, Secretary
- Peter Carey, Treasurer
- Noel Harding, Research
- Nives Botica-Redmayne, New Zealand

Accounts for 31 December 2013

Income	Membership subscriptions	690.00
	AFAANZ support	1000.00
	Conference registration	<u>2704.55</u>
		<u>4394.55</u>
Expenses	Conference catering, room hire, av and speaker costs	3314.75
	AFAANZ secretariat (10% of income)	<u>339.45</u>
		<u>3654.20</u>
Surplus for 2013		<u>740.35</u>

Accounts for 31 December 2013

Closing Balance at 31 December 2012		4,283.47
Surplus for 2013		<u>740.35</u>
Closing Balance at 31 December 2013		<u>5,023.82</u>

Plans for 2015

- 2015 meeting will be held in Australia
- Suggestions for panels or presenters most welcome to Peter Carey
- Encourage your colleagues and students to join and plan to attend

Any other business?
Announcements from
Institutions?

12th ANCAAR Conference

ANCAAR will be held at ANU on Friday 5th and Saturday 6th December 2014.

If you are interested in being on the mailing list, adding your students to the mailing list or presenting a paper please contact Greg Shailer: ancaar@anu.edu.au

Close of AGM

Update on Changes to The Auditor's Report

**Elizabeth Carson
UNSW Australia**

Morning Tea

Panel on Audit Quality and Inspections

Jacco Moison, Financial
Markets Authority

Neil Cherry, NZAuASB

Amir Ghandar, CPA Australia

Zowie Murray, ICAA/NZICA

Bennie Greyling, Deloitte

Mark Bramley, PwC

Chaired by:

*Nives Botica-Redmayne,
Massey University*

AASIG/CPA Australia Research Synthesis Partnership

- In 2012, CPA Australia commissioned two synthesis papers on auditor independence and audit market structure to aid in the dissemination of research findings for policy setting and regulation. These are now forthcoming in Australian Accounting Review.
- In March 2014, we called for AASIG members to express their interest in participating in a further round of projects on going concern reporting and professional scepticism. Elizabeth Carson and Noel Harding were nominated by CPA Australia as team leaders. Expressions of interest were received from 12 members, 6 of whom were selected by a panel consisting of Robyn Moroney and Amir Ghandar to participate in the synthesis projects.

AASIG/CPA Australia Research Synthesis Partnership

- \$5000 support for each project from CPA Australia

Going Concern	Professional Scepticism
Elizabeth Carson (UNSW)	Noel Harding (UNSW)
Neil Fargher (ANU)	Radzi Jidin (UNSW)
Yuyu Zhang (QUT)	Christine Jubb (Swinburne)
	Mohammad Azim (Swinburne)
	Janine Muir (Swinburne)

- The preliminary findings of these projects will be presented today.
- We want to acknowledge Amir Ghandar for his ongoing support of this research partnership.

Professional Scepticism

Noel Harding, UNSW

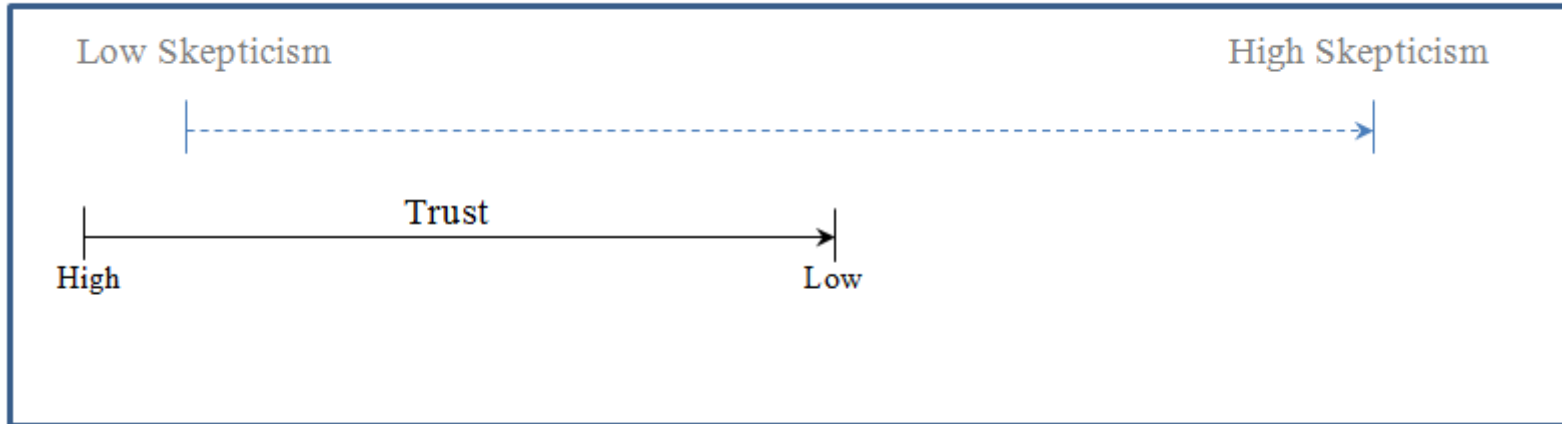
Enhancing Professional Scepticism : Distrust, Philosophy and Not Knowing

Noel Harding
Mohammad Azim
Radzi Jidin
Janine Muir

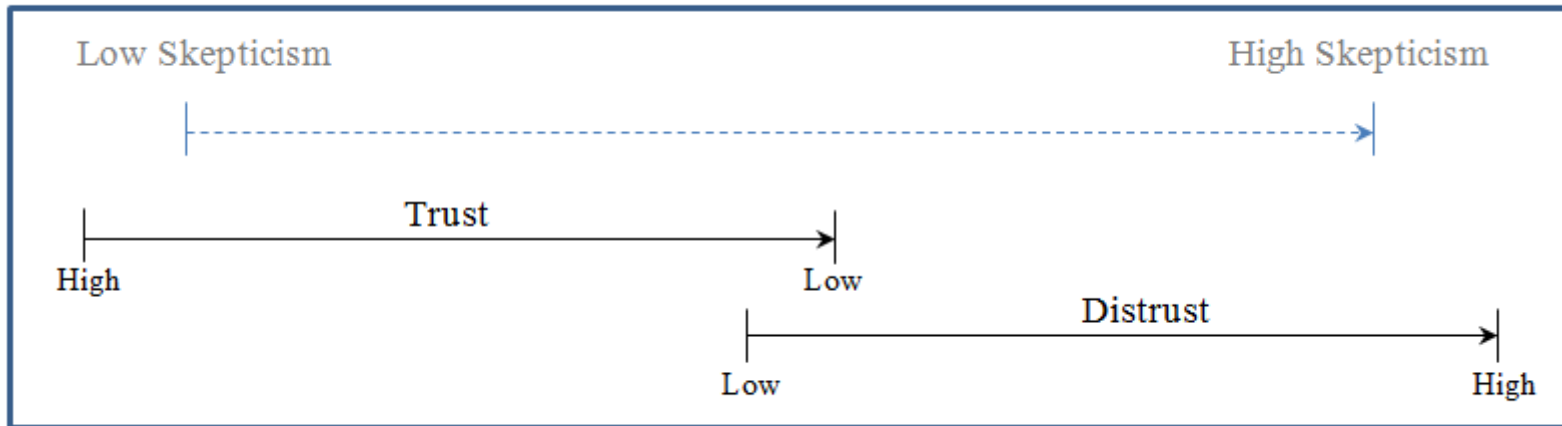
Professional Scepticism

- Our brief is to examine research related to professional scepticism with a view towards achieving a better understanding of the findings or research undertaken to date.
- Professional scepticism (or terms to that effect) does not appear to be a topic of particular interest in other disciplines.
- We focus on research (and synthesize that research as it relates to professional scepticism in auditing) relating to;
 - Trust/Distrust
 - Philosophical scepticism

Professional Scepticism



Professional Scepticism



- Literature on distrust is sparse.

Professional Scepticism

- Philosophical Scepticism
 - Socrates – I know one thing, and one thing only, that I know nothing.
- Contemporary philosophers offer a way forward
 - Knowledge is achieved without reference to the representation in question.

Professional Scepticism

- The Dempster Schafer Theory of Belief Functions explicitly models a belief in 'I don't know'.
 - $\text{Bel}[a]$
 - $\text{Bel}[\sim a]$
 - $\text{Bel}[\{a, \sim a\}]$

Professional Scepticism

- Our review is pointing towards;
 - an understanding of how difficult professional scepticism is for auditors to deal with.
 - an understanding of why it is such a challenge to elevate professional scepticism in audit actions.
 - a future direction in research examining ways to elicit professional scepticism.

Audit Reports in Australia 2005- 2013: Preliminary Findings

Neil Fargher, ANU

Reflections on the Synthesis Projects

Amir Ghandar,
CPA Australia