

Answering the call for change in the audit and financial reporting landscape

The need to provide an independent point of view on reported information is more important than ever.

As the world responds to and recovers from the peak impacts of the COVID-19 pandemic, could this time be a catalyst for change in the audit and financial reporting landscape?

We have spoken already about the need for transparency and reliability in the COVID-19 environment.¹ As organizations start to move out of the immediate response phase where different approaches were taken across geographies, from delaying financial reporting to allowing for remote annual general meetings and electronic signatures, this time provides a moment to consider our role as auditors serving the public interest.

What is needed in the future? How can the audit profession respond to the call for transparency and reliability more holistically across the financial and corporate reporting ecosystem?

Our purpose

Purpose underpins our work. Our purpose, as auditors, is to do the right thing in the public interest. We do this by contributing to trust and transparency across and between stakeholders in the financial reporting ecosystem. As businesses are called to demonstrate—now more than ever—that they create value not just for shareholders, but for society as a whole, how can audit as both product and profession also respond to this landscape and adapt to changing market demands? How can the audit better enable not just financial reporting but more holistic corporate reporting where all stakeholders in the system can make more informed decisions with their eyes wide open?

There are a number of factors that will enable change including: the accessibility and transparency of information to broader stakeholders; the commitment and constructive engagement of the participants in the financial and corporate reporting ecosystem; and the audit profession itself. Auditors can help shape the path forward through debate, discussion, and developing an approach to meeting new market needs.

In our role as auditors to serve the public interest, how could the role of audit evolve to increase the transparency and reliability of information and better inform decision-makers?

Shaping the path forward

These questions have been asked in different parts of the world with different levels of intensity over a number of years. We welcome the direction that the UK review of the audit product has taken in this regard. Other geographies are also providing direction, and a response will need to be global as clients and markets

are globally interconnected. Not only have regulatory reviews highlighted areas for change, but organizations such as the World Economic Forum and the International Business Council have developed working groups calling for businesses to make a contribution to areas such as sustainability objectives, with an underlying need to develop metrics and performance measures around them.²

The questions asked of the audit profession have been carefully considered in developing our view of how the audit could evolve to contribute to a thriving economy and society. Our focus should broaden to provide assurance on wider aspects of a company's business and footprint on the world than just financial reporting. These areas of focus should include climate impact, governance, culture and ethics, fraud, viability, and cyber security.

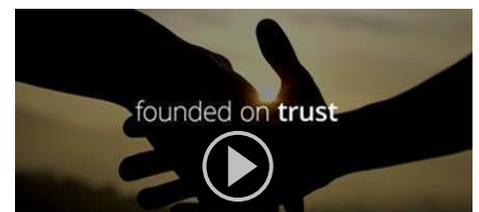
Of course, there is a need for all the participants to work together to make this vision a reality. There will be a requirement for clear standards to be set around these broader areas of a company's business in order for it to report consistently and for those reports to be robustly assessed. Transparent, coherent reporting frameworks also need to be developed to enable the reader to understand clearly what is being reported in order to make informed decisions.

Auditors cannot work alone in responding to market needs and shaping the path forward. The whole reporting ecosystem must adapt as an integrated and interdependent whole.

Deloitte's purpose is to make an impact that matters. In our role as auditors, we bring integrity and trust to the capital markets and in serving the public interest. For 175 years, Deloitte has been serving the public interest in order to enable

transparency and trust across and between stakeholders. We believe that now is the time for our role to evolve and for our profession to meet both the current and emerging needs of those stakeholders, working as part of the financial reporting ecosystem to strengthen both economies and societies so that they not only recover, but thrive.

This [short video](#) sets out Deloitte's perspective for the future direction of the audit profession, underpinned by trust and focused on areas that matter most to society.



Connect with us

If you would like to discuss further, please contact:



[Jean-Marc Mickeler](#)
Deloitte Global Audit & Assurance
Business Leader



[Simon Cleveland](#)
Deloitte UK, Head of Public Policy &
Regulation

¹ [Financial reporting ecosystem](#)

² [This is how businesses can drive profit and social purpose progress](#)