

Peter Bebb submission – via email

Dear Sir Donald,

When faced with a systemic problem, people often address the symptoms rather than the causes, and look for someone to blame. Auditors are not a cause of company failures and cannot prevent them because the accounts they audit report a period several months ago and don't analyse the causes of success.

The root cause of audits which fail to meet expectations is inadequate information. Any process which receives inadequate information is bound to produce inadequate outcomes. The Review ignores this issue. Until it is addressed, the quality and effectiveness of audit cannot improve.

To enable auditors to meet expectations, every organisation would be required to make publicly available on a digital platform a single picture of everything the organisation is aiming and *likely* to achieve, do and employ so that anyone could audit the company at any time and challenge management about issues they notice.

The integration, transparency and predictability provided by the platform would automatically improve the quality of audit and increase assurance. Fewer companies would fail, and the public expectation that audit should prevent problems would be mollified.

The role of audit could expand from inspecting the past to include using the platform to provide informed going concern opinions. The role could also involve ensuring that the platform is being used correctly, and assuring the quality of the information on it.

There would be no need to break up the Big Four, appoint joint auditors or meddle in the market.

To remove conflicts of interest, audit should be made a regulatory function with auditors appointed, supervised and paid by the proposed Audit, Reporting and Governance Authority from a levy on companies.

Audit quality and going concern opinions should be made objective by defining criteria for determining whether audit quality has been achieved and an organisation is a going concern.

The integration, transparency and predictability provided by the platform would also increase the productivity and profitability of companies.

Yours sincerely,

Peter Bebb

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