Audit Firm Culture: Challenge. Trust. Transformation.

August 2021
Conference summary

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Conference overview

Overview

Audit firm culture is a critical component of an audit firm's ability to deliver high quality audits in the public interest. One key attribute of a good, healthy audit culture is auditors being able to challenge effectively and exercise professional scepticism when performing audits. The need for a culture of scepticism and challenge in the audit profession was also highlighted by Sir Donald Brydon in his Review of the Quality and Effectiveness of Audit.

In the week of 21 June 2021, the FRC hosted a series of virtual sessions to engage with a wide range of stakeholders in exploring the overall theme of creating a culture of challenge within audit firms to restore trust in the profession as part of the wider transformation journey.

More than 1,500 participants attended the conference – a mix of audit professionals, audit committee chairs, directors, academics, culture experts, international regulators and other stakeholders. The conference focused on the following themes in five individual sessions:

- Building an audit firm culture that supports high quality audit

- The role of the audit committee

- The importance of a culture of challenge

- Embedding and measuring organisational culture

- Audit firm culture, audit quality and the role of the regulator

This document summarises some of the themes that were discussed at the conference. These ideas do not necessarily represent the FRC's views but provide some further perspectives for ongoing discussions and debates on audit firm culture as one of the key drivers of audit quality.

Next steps – Collection of Perspectives publication

We are keen to continue to facilitate insights exchange and learning about audit firm culture and its role in supporting high quality audit and a resilient audit market by bringing thought leaders, audit practitioners and other stakeholders together.

Following the conference interested parties are invited to submit a paper or written piece on any of the topics discussed at the conference for publication. This Collection of Perspectives, to be published in November 2021, will explore further the themes that were discussed at the conference. Contributions are welcome from academics, cultural change experts, audit firms, directors, regulators and other interested parties.

If you are interested in contributing to the publication, please let us know by contacting FRCCommunications@frc.org.uk by 27 August 2021.

Building an audit firm culture that supports high quality audit

Questions discussed:

1.   How does the culture at an audit firm support high quality audit?

2.   What are the characteristics of an audit firm culture that are most important in supporting high quality audit?

3.   What drivers of behaviour within an audit firm can either promote or damage attempts to establish and embed an appropriate audit firm culture?

Panellists:

- Dr Yasmine Chahed, Visiting Research Fellow at the Alliance Manchester Business School

- Roger Steare, The Corporate Philosopher

- Kevin Dancey, CEO of the International Federation of Accountants

Key themes emerging from the session:

What is culture?

Culture is a reflection of shared beliefs and one of the most important factors in explaining motivation, commitment and decision-making.

Culture is the intangible factor that explains why larger groups of people do similar things, talk in similar ways and why they use similar tools to achieve an outcome.

Culture change requires reframing of how people give meaning to their day-to-day activities, examining what is wrong with what one believes to be right and becoming comfortable with what can be uncomfortable.

Relationship between audit firm culture and high-quality audit

There is now widespread agreement that audit firm culture is a critical component of an audit firm's ability to deliver high quality audits in the public interest.

A critical attribute of a good, healthy audit culture is auditors exercising professional scepticism and challenge when performing audits with the clear public interest purpose of audit in mind. A culture of high support for people within the audit firm is also important to attract and retain quality talent.

The culture of audit firms needs to drive two traits: **independence** and **expertise**.

Independence needs to be a mindset that is embedded within audit firm culture rather than a compliance exercise. Expertise is about having the right people with an inquiring mind who are able to challenge others in difficult situations.

Building an audit firm culture that supports high quality audit (continued)

What are the moral values that are fundamental to audit firm culture?

Moral values are what unite all of us as human beings. Among the most important moral values to guide debates, decisions and behaviours are courage, trust, honesty, fairness, self-control, humility, wisdom, excellence, hope and love.

The values most relevant to audit firm culture are:

- **Love** – equivalent to care, kindness or humanity. Without humanity a culture of psychological safety could not be created.

- **Trust** – to live day-to-day lives without constant verification of every interaction or transaction

- **Fairness** – cornerstone of a moral community

- **Humility –** without humility, there would be no listening and learning, no notice taken of an audit junior raising a red flag, and no acting in the public interest without a monetary incentive.

The panellists advised the audit profession to understand and embrace the aforementioned moral values as the foundation for an audit firms' culture, otherwise it would be difficult for firms to instil a mindset of professional scepticism, fulfil public interest responsibilities or attract the next generation talent.

A careful examination of moral values should be embedded within the recruitment process to ensure people hired have values that are aligned with those that are key to audit firm culture.

Mechanistic and judgement-based approaches to audit

Where an audit firm introduces more audit processes to encourage auditors to challenge management, it is more likely to enforce a compliance culture than a culture of challenge. The approach to developing a stronger culture of challenge therefore needs to incorporate behavioural change techniques to ensure that it becomes a behavioural change rather than an increased compliance exercise or mechanistic approach.

Historically, the approach to a crisis of trust in audit was to emphasise the auditors' commitment to professionalism and moral duties. More recently, the response has been for an auditor to claim highly technical knowledge and a science-like methodology, resulting in more mechanistic approaches to auditing, for example statistical sampling, risk-based auditing, data analytics tools, and a drive for standardisation. To improve the level of challenge during the audit, the focus needs to be on the auditors' ability to exercise professional judgement rather than the application of more mechanistic approaches to auditing.

It will be important to consider whether the emerging use of technology, for instance artificial intelligence, is used in a way to replicate the same behaviours and patterns of thinking that constrain an auditor's judgement and critical thinking and therefore inhibit establishing an appropriate audit firm culture, or to unleash new creativity.

Building an audit firm culture that supports high quality audit (continued)

Culture and talent retention

A strong audit firm culture could help instil the auditor's unique professional mission and therefore retain and attract the right talent as well as help to build the self-confidence auditors need to challenge management.

A culture of challenge is not only about the relationship between auditor and management, but how auditors perceive their own role in society and give meaning to their own work. Research into the largest audit firms found that employees who left before becoming partners often did so with a deep disillusionment about the role they were going to play in society.

Five factors to maintain a high-quality audit ecosystem

The International Federation of Accountants ('IFAC') identifies five factors in maintaining a high-quality audit ecosystem:

- **Right audit process** – that continues to evolve as the purpose and scope of audit changes and technological enhancements are integrated into methodologies

- **Right people** – to retain and attract the best and brightest mix of expertise and talent

- **Right governance** – to set the tone from the top

- **Right regulation** – includes the right supervisory framework balancing intervention with allowing the market to get it right, the right standards that apply across jurisdictions forming the baseline, the right business model, and the right approach to auditor liability.

- **Right measurement** – includes both quantitative and qualitative elements

Resources

The audience questioned how a culture of challenge could exist in audit firms when time pressures meant that the focus was on completion of the audit work. The panellists agreed that the solution was to properly resource the audit to ensure that the work was completed to a quality standard, not an economic standard or timeframe. It was noted that the real challenge with audit was not the regular transactions, but the one-off transactions and transactions that require judgements, and using methodologies and new audit tools appropriately would allow for more efficient use of scarce resources and application of judgement.

The role of the audit committee

1. What is the role of the audit committee and other stakeholders in promoting and assessing audit firm culture?

2. What actions can audit committees take to understand an audit firm culture and the extent to which the culture supports high quality audit?

3. What actions can audit committees take to understand the extent to which management have been challenged and to promote this culture of challenge?

Panellists:

- Duane DesParte, Public Company Accounting Oversight Board (PCAOB) Board Acting Chairperson

- Vanessa Teitelbaum, Senior Director, Professional Practice at the Center for Audit Quality (CAQ)

- Oonagh Harpur, Independent Non-Executive at KPMG UK LLP

- Jock Lennox, Audit Committee Chairs' Independent Forum Board Member

Key themes emerging from the session:

Importance of culture

> The culture and behaviours expected within an audit firm play an important role in achieving audit quality. In particular, the behaviours of challenging management and exercising professional scepticism correlate to high quality audit.

The panellists discussed the importance of culture noting the famous Peter Drucker quote 'culture eats strategy for breakfast'. When a company seeks to achieve any strategic objective, whether that be high audit quality, diversity and inclusion aims or indeed any strategic objective, true success will only come from aligning the culture and behaviours of that organisation to that objective. The panellists agreed that audit committees should be interested in audit firm culture as it is a key determinant of the timely and quality delivery of the audit plan.

Role of audit committee in overseeing audit quality

> The audit committee has a key role to play in driving audit quality. An engaged and informed audit committee asks tough questions and sets the tone for a company's financial reporting and for the company's relationship with the auditor.

The audit committee also sets expectations for clear and honest communication with the auditor, between the auditor and the company's management, and with other stakeholders, for example the investor community and the regulator.

The role of the audit committee (continued)

Role of audit committee in promoting and monitoring an appropriate audit culture

The panellists suggested some indicators of behaviours audit committees could look for in an audit team to assess the extent to which the audit firm culture supports high quality audit:

- Indicators that the audit firm is supportive of the team, recognising that mistakes can be made but with a supportive culture the audit team can learn from mistakes and perform to the best of its ability.

- Skill of the audit partner in balancing relationships between the audit team, audit committee and audited entity's management and the audit partner's ability to gain the trust of these sometimes competing parties

- Indicators that audit firm leadership is supportive when the audit team has any particularly difficult challenges with management; recognising that audit quality always takes priority over client relationship or audit revenue considerations

- Assessment of the adequacy of resources on the audit, noting that stress impacts an auditor's ability to deliver a high-quality audit and stress is often caused by under-resourcing.

Role of the audit committee in supporting auditors with challenge during the audit

It is crucial that auditors can effectively challenge during an audit, especially with areas of judgement and estimates.

The panellists suggested some actions audit committees can take to understand the extent to which there has been effective challenge during the audit and to support the audit team with any challenge:

- Understand the behaviours and mindsets that are expected from the audit firm, and ask how the audit partner ensures that team members have the right mindset and live the right behaviours when performing the audit

- Exercise its role in both challenging management and supporting the audit team. High challenge but without support from the audit committee to the audit team can engender a culture of fear

- Lay out the extent of constructive challenge that stakeholders expect to see between the audit firm and the audited entity's management and assess the extent to which this constructive challenge is evident

- Ask the audit partner to talk about any conflicts with management and how these conflicts have been resolved

- Interact and engage with the audit team performing the work: speak to the less experienced junior auditors to obtain valuable real-time insight into their audit findings and the extent to which management have been cooperative

- Through interactions with the audit team understand the health and wellbeing of audit staff and whether sufficient time has been allowed for work to be performed

- Encourage and motivate the audit team by expressing how valuable their work is.

The role of the audit committee (continued)

Use of metrics

The panellists acknowledged the difficulty in coming up with an indicator that measures auditors' exercise of professional scepticism. Therefore, it is becoming increasingly important for audit committees to engage actively with the audit teams, including its more junior members, ask difficult questions and raise challenges over financial statements, particularly on areas where significant judgements are exercised.

Audit committees should prioritise getting a good dashboard of metrics rather than focussing on just a few individual metrics.

The panellists noted that the metrics that firms used to assess audit quality could vary, making it difficult to obtain comparable data. Project management metrics were noted as particularly useful, for example the audit quality milestone completion rate, given the fact that audit planning and optimum utilisation of scarce resource is a key determinant of audit quality.

Public interest

Audit committees should be mindful of the broader definition of public interest with greater awareness and appreciation of the social impact of business, staff welfare and other broader public interest factors.

Audits should serve the public interest but the perception of what constitutes public interest has changed significantly over the last 10 years. In strengthening the focus on public interest, boards should ask whether stakeholders' voices have been listened to and should be able to communicate in a way that engages stakeholders.

The importance of a culture of challenge

Questions discussed:

1.   What does it take to build a culture of challenge within an audit firm?

2.   What process improvements can an audit firm make to reinforce a culture of challenge and what potentially conflicting drivers of behaviour can damage attempts to create a culture of challenge?

Panellist:

- Professor Karthik Ramanna, Blavatnik School of Government, University of Oxford

Key themes emerging from the session:

Elements to build a culture of challenge

> A culture of challenge requires a firmwide environment that empowers and necessitates auditors to bring the full force of their professional skills to verify clients' financial reporting practices.

The panellist explained the following four key elements to achieving this:

- **People -** Auditors with skills in the judgement of challenge and critical thinking, which should form part of the required curriculum for trainees. Audit juniors should not spend 100% of their time on routine compliance, as it provides no opportunities for the development of judgement and the best calibre talent is then more likely to pursue other career paths.

- **Shared beliefs** – The essential shared belief needed across audit firms is that the firm exists to empower auditors to fulfil their professional obligations toward probing and verification, so that every auditor is confident to do the right thing.

- **Alignment** – The ways in which an organisation recognises, promotes, and rewards behaviours need to be in line with its core objectives, for example partners should be rewarded for skills in scepticism and audit quality, rather than client satisfaction, revenue generation or sales of consultancy work.

- **Processes** – Robust internal processes to sense check audit judgements help normalise the practice of challenge, which can otherwise be jarring. For example, the independent board of the audit firm should conduct periodic checks of the internal control processes and report on them as a tangible measure to increase public confidence.

The importance of a culture of challenge (continued)

Drivers of behaviours in creating a culture of challenge

The panellist explained that there are two types of errors associated with challenge:

- **Type 1** - calling out a client on a misreporting which was not a misreporting; and

- **Type 2** - failing to call out a client for misreporting, when there was a misreporting.

Firms instinctively want to avoid type 1 errors, which increases the risk of more type 2 errors. One way to overcome this is to build a culture where over-challenge is expected, particularly at the formative stage of the process, with the opportunity at the evaluative stage to step back. Firms must be willing to make type 1 errors in order to avoid type 2 errors.

Conflicts of interest arising from non-audit work

There is a wide public perception that co-location of audit and non-audit services within an audit firm creates a conflict of interest. Audit firms have a responsibility to address this perception whether that is the case or not.

Cross-subsidy of non-audit and audit have made audit a lucrative profession which has attracted high quality talent. However, it should be clear to audit partners and the wider public that the pool of profit used to compensate audit partners is not corrupted by fees undermining the nature of the audit. This could create a perceived or an actual conflict, leading to a public perception that the wrong incentives were driving the auditor. The drivers of reward for the audit partner should be tied to audit quality and not to client satisfaction or sales.

Training

Building critical thinking skills amongst auditors is key to achieving a culture of challenge.

Critical thinking is a taught skill and so should be included as part of the required curriculum for audit trainees. This will develop the frameworks for auditors to question the very premise of the situations put in front them.

Role of the audit committee

Audit firms should regard the companies' non-executive directors (NEDs) as the 'clients', rather than CEOs and CFOs. The panellist believed that an effective combination of NED and auditor could counterbalance management without the need for more mandated regulation. The audit committee should also engage with the wider audit team beyond the audit partner.

The importance of a culture of challenge (continued)

Assessment of a culture of challenge

The panellist was of a view that it was challenging to measure whether a firm has successfully embedded a culture of challenge. Culture is effectively what is not written down because as soon as it is written down it becomes a rule. Firms could every five years commission a review of their culture of challenge, taking a random sample of case studies to investigate the causal pathways and inform the quality of decision-making. Attempting to quantify culture would be counterproductive. The panellist suggested that this review could become a regulatory requirement.

Trust and standardisation of audit

Audit firms need to balance the time that is needed for standardised audit procedures with time to step back and apply critical thinking and judgement.

The panellist was of a view that the increase in standardisation of audit procedures related to a broader issue in society relating to trust. The British system used to be one of common-sense guiding commerce and justice in society, but this only worked with trust. As trust has diminished there has been a move away from that model, resulting in an increase of standardisation and routinisation over time. As standardisation increases in audit, this can discourage new talent into the profession. Even where compliance is necessary, juniors should spend no more than 50 to 60% of their time on compliance so that part of their activity involves judgment. Audit juniors spending 100% of their time on compliance is a very poor investment in the future of the firm.

Role of the regulator

When asked how the regulator could have a positive impact on audit firm culture and whether a new approach was needed, the panellist was of a view that the regulator needs to go beyond codification. The relationship between the regulator and an audit firm can be compared to the relationship between a manager and their staff. To inspire excellence through norms and culture, a manager needs to go beyond rules set out in employee handbooks, for example by calling out positive behaviour. The regulator can apply a similar approach, although there is a perception issue to be managed, as the more positive the regulator is about audit firms, the less the regulator may be seen as being strong and independent.

Embedding and measuring organisational culture

1. What approaches can audit firms take to measure and assess their culture and how can the success of cultural transformation initiatives be assessed?

2. How can audit firms embed their desired culture and minimise gaps between this desired culture and actual behaviours?

Panellists:

*   Dr Roger Miles, Behaviour at Risk (BaR) Insight; Oxford Scholar, PhD, FRSA

*   Dr Tom Reader, London School of Economics

*   Professor Celia Moore, Imperial College London

*   Risk Borges, Director of Assessment (UK and International), Financial Services Culture Board (FSCB)

Key themes emerging from the session:

Culture in moments that matter

> Culture is especially important in moments that matter.

Culture refers to lived experiences within an organisation that are driven by behaviours, which in turn are driven by beliefs. There are beliefs and values which are salient and encouraged within an organisation, but culture manifests its importance in moments, for instance, when making a decision or resolving a conflict.

You can have a good culture in a firm with the majority of the people doing the right thing the majority of the time, and this will be reflected in a good survey score, but where problems occur in an organisation it is often at the extremities. It is how people act in these 'challenge moments' that matter. It is in these moments when good culture is revealed. Good culture measurement therefore requires an overall organisation score but only becomes meaningful when considering certain moments.

Approaches firms can take to assess organisational culture and behaviours

The two initial approaches discussed were:

*   Asking people in the organisation what they thought the culture was, for example by constructing a set of items relating to behaviours and values considered as important to the organisation and conducting a survey of whether people agree or disagree. The limitations of this approach are around question selection and the fact that people may respond based on what they think they should be doing rather than what they actually do.

*   Analysis of naturally occurring behaviour-focused, empirical data, such as feedback, complaints and observations from people outside of the organisation or communication analysis. The difference here is the focus on things first coming to people's minds.

The panellists noted that ideally both of these approaches would be drawn on for a holistic measurement.

Embedding and measuring organisational culture (continued)

Influencing organisational culture

> The panellists discussed how to assess and close the rhetoric gap between what management said and what is actually happening in the frontline and it was noted that what was needed was an objective 'outside-in' view that what the firm was saying about its behaviour was observable and true.

Panellists shared their views on what leaders could do to influence organisational culture:

- **Pointing** - to point their employees in the direction of what they ought to do

- **Propulsion** - to praise employees for good behaviours so others will follow

- **Perspective** - to role-model in front of employees the way problems are solved, and decisions are made

Use of surveys

The use of survey in organisational culture assessment was highlighted in the panel discussion, with an overview of the Financial Services Culture Board culture assessment survey. The survey looked at perceptions, beliefs and observations of employees about a financial services firm's culture. Employees were asked to indicate their agreement or disagreement with 36 core statements focusing on nine characteristics identified as associated with a good organisational culture. The survey provided a snapshot in time and it was used to help firms focus on areas of improvement and strength in their culture, and help firms find and test solutions if improvement is needed.

> Organisations' excessive focus on trends regardless of the meaningfulness of the statistics is one of the limitations of using a survey as a measurement tool.

Panellists recommended firms do fewer but more targeted surveys with representative samples within the organisation, along with pulse surveys on a more general population, to get a deeper understanding in subjects that matter most.

Use of incentives

> It is important to align incentives with desired behaviour. Culture change is especially hard if there is not a full alignment between the behaviours that are desired and the behaviours that are rewarded.

The panellists noted that if an organisation was not living up to its purpose, the most likely explanation was that it was rewarding people in a skewed way. The panellists suggested that audit firms could assess the extent to which they rewarded audit revenue, profit and retaining a particular client compared to audit quality and desired behaviours, such as challenging management at an audited entity to ensure alignment between the behaviours that are rewarded and the behaviours that are desired.

Embedding and measuring organisational culture (continued)

Embedding culture and minimising cultural gap

The panellists provided some insights on what leaders can do to embed organisational culture:

- Lean into the places where mistakes are being made, recognising that this is uncomfortable and takes leadership

- Allow staff to discuss mistakes and learn from them without a culture of fear

- Align incentives with desired behaviour and eliminate any skewed incentives

- Clearly communicate the acceptable and expected behaviours with staff and change the dynamics of communication by starting from the bottom rather than at the top

- Remove obstacles to people changing their behaviours for good by making the desired behaviour the easiest option

- Be a role model by walking the talk about the organisation's values and purpose

Audit firm culture, audit quality and the role of the regulator

Questions discussed:

1. To what extent is audit firm culture an explanatory factor in analysing poor audit quality outcomes?

2. What role should regulators and regulation play in the direction and ongoing supervision of audit firm culture?

Panellists:

- Carol Paradine, CEO of the Canadian Public Accountability Board (CPAB)

- Professor S.P. Kothari, MIT Sloan School of Management

- Olivia Fahy, Head of Culture, TCC Group

- Graham Ward, Non-Executive Member of UK Civil Aviation Authority

- Ben Alcott, International Director of UK Civil Aviation Authority

Key themes emerging from the session:

Correlation between audit firm culture and audit quality

> Culture should be a strategic priority of similar importance to the business model or strategy, as it drives outcomes.

Audit quality issues cannot be fixed by training or improving standards alone; culture also plays an important role as it is fundamental in terms of the way things are done and what is valued in an organisation.

This includes building a culture of psychological safety, where people are not scared to express their opinions. This environment needs to be cultivated throughout an organisation by leaders, managers and teams.

It is key for firms to understand that a focus on culture is ultimately good for their business, because a healthy culture means happier, better motivated and more loyal employees, which creates a more resilient and sustainable business.

Root cause analysis

> Root cause analysis performed on audits requiring improvements to audit quality often cites culture as one of the top five causes of the poor quality audit outcome.

The cultural challenges that have been identified from this root cause analysis include:

- Cultures that are focussed on growth over and above the public interest responsibilities of audit;

- Entrepreneurial cultures where there are few consequences for excessive risk taking;

- Mindsets that are not geared towards professional scepticism and challenge or insufficient time and resources set aside for this challenge; and

- Leadership sending mixed messages about what is important, for example the importance of client satisfaction over audit quality with a lack of appreciation of the potential conflict between client satisfaction and performing a quality audit.

Audit firm culture, audit quality and the role of the regulator (continued)

Role of regulators and regulation in the direction and ongoing supervision of audit firm culture

The panellists discussed the approaches a regulator could take to supervise culture.

> Regulators could engage with firms to help them to increase their own awareness of the importance of culture and behaviours and how to drive actions to improve culture.

This approach focuses on influencing as well as sharing and promoting good practices, particularly where culture has driven positive audit quality results. The regulator could also suggest mechanisms that an audit firm may use to assess their own culture. The panellists believed that regulators should give firms realistic timeframes for implementing improvements to culture, particularly as it takes time to change behaviours in large global organisations.

Practically speaking, the tools that a regulator has at their disposal are regulation and standards governing the audit process and imposing penalties for lack of compliance. However, audit quality issues cannot be fixed by these tools alone. A regulator's role needs to evolve to ensure that public confidence is maintained and address areas that are increasingly important, such as culture, sustainability and better social policies, demanded from employees, consumers and the broader society. The panellists believed that internationally, around a third of regulators have incorporated culture into their remit.

What is a 'just culture'?

> A 'just culture' is about getting to the root cause of what happened and why, rather than focusing on blame, then learning from these mistakes.

In the aviation industry, this is about an organisation's commitment to continuous safety improvement, supported by four key pillars: safety policy, safety risk management, safety assurance and safety promotion. It is a culture in which people are not punished for actions, omissions or decisions taken by them that are commensurate with their experience and training, but in which gross negligence, wilful violations and destructive acts are not tolerated. Just culture is about fair treatment, considering all of the contextual factors that could lead to an event and acting to make sure that the event would not recur.

> It is important to create a culture of trust, whereby those reporting incidents and concerns are not penalised.

This would give people the courage to feel brave enough to come forward and act for everybody's benefit. For example, a company who instead of firing an engineer who left a tool in an engine causing millions of pounds of damage, properly investigated and identified issues with tool control. The engineer went on to become a champion for tool control and notably improved the safety and processes of the organisation as a result. Conversely in another organisation, an employee who had made a mistake was suspended immediately after the event and subsequently left the organisation. The organisation's reporting rates fell dramatically because of the practical and immediate damage to the way employees felt about speaking up.

This approach requires an alignment of interests between the regulator and the regulated organisation. In aviation it was clear that safety was in everyone's interest and safety was always a priority over maximisation of profit or any other strategic aim.

Appendix – Panellists' biographies

Session 1: Building an audit firm culture that supports high quality audit

Dr Yasmine Chahed, Visiting Research Fellow at Alliance Manchester Business School

Dr Yasmine Chahed connects the worlds of academia, policymaking, and practice to deliver insights that matter. She combines insight from 15+ years of independent academic research and teaching on the history and sociology of law and accounting at the London School of Economics.

Outside the university, Yasmine is a trusted adviser to senior executives and technical teams in the public and private sector. Most recently, she was a member of the FRC's Future of Corporate Reporting team and worked with Sir Donald Brydon on his Independent Review into the Quality and Effectiveness of Audit.

Roger Steare, The Corporate Philosopher

Roger Steare is one of the leading experts advising and coaching Boards and executive teams building high performing, high integrity organizational cultures. His work with BP after the Gulf of Mexico disaster has been crucial to the company's recovery plan, with Roger's ethical leadership training endorsed within the US Department of Justice Consent Agreement of 2016. He has advised Barclays, HSBC, Lloyds Bank and RBS after the credit crisis, PPI mis-selling and Libor manipulation scandals, with his work publicly endorsed by the Financial Conduct Authority. His most recent assignments have included Senior Advisor, People & Culture at Nationwide Building Society; and work on ethics with Clifford Chance and other global professional service firms.

Roger has worked with clients to achieve these results by using a robust evidence-based approach. He has conducted extensive empirical research on both personal and professional integrity, with his MoralDNA® Profile cited in papers published by the Chartered Management Institute, the Chartered Insurance Institute, EY, the FCA, Oliver Wyman and PWC.

Roger is Corporate Philosopher in Residence at The Business School, City University. He is also a post-graduate faculty member at Duke Corporate Education, Emeritus Executive Education, the FT's Headspring Executive Development and London Business School.

Kevin Dancey, CEO of the International Federation of Accountants (IFAC)

Kevin Dancey became IFAC's Chief Executive Officer in January 2019. Kevin has a long history of leadership in the accountancy profession as well as in public service. As Canadian Institute of Chartered Accountants President and CEO, Kevin led the Canadian accountancy profession's unification, becoming CPA Canada's first President and CEO after the merger. His experience also includes serving as the Assistant Deputy Minister, Tax Policy, at Finance Canada (1993-1995), on the Canadian Auditor General Panel of Senior Advisors (2006-2015) and as an Auditing and Assurance Standards Oversight Committee member (2017-2018) and CCAF-FCVI Inc. board member (2008-2013).

Kevin's international accountancy experience includes the Public Interest Oversight Board (2017-2018), the IFAC board (2006-2012) and the Global Accounting Alliance (2006-2016), where he was also Chair from 2008 to 2012.

Prior to joining the Canadian Institute of Chartered Accountants, Kevin was PwC's Canadian Senior Partner and CEO and was a PwC Global Leadership Team member from 2001-2005.

Session 2: The role of the audit committee

Duane M. DesParte, PCAOB Board Acting Chairperson

Duane M. DesParte has served as a PCAOB Board Member since April 2018. He was appointed to the Board after retiring from Exelon Corporation, a Fortune 100 company where he served for 15 years; including 10 years as corporate controller, with chief accounting officer responsibilities for the integrity of the company's accounting and external financial reporting and related policies, methods, systems, processes and controls. Prior to joining Exelon, he spent 18 years in auditing, including as a partner at both Arthur Andersen and Deloitte.

To advance the Board's goal of driving improvement in audit quality, Duane is particularly focused on the PCAOB's inspection program, audit firms' systems of quality control, and emerging technologies. He is also focused on enhancing the Board's external engagement with stakeholders, particularly with audit committees and preparers. Duane is involved with the Board's international activities, serving as Chair of the International Forum of Independent Audit Regulators (IFIAR).

Vanessa Teitelbaum, Senior Director of Professional Practice at the Center for Audit Quality (CAQ)

Vanessa is an in-house expert at the CAQ on auditing matters and has over twenty years of experience as an auditor. She leads the CAQ's efforts to engage with the audit committee community related to audit quality.

Projects have included development of the CAQ's Audit Quality Disclosure Framework, the External Auditor Assessment Tool, and the Audit Committee Transparency Barometer, among other publications. Vanessa facilitates the CAQ's comment letter responses to proposed standards and regulations related to quality management, supervision of other auditors, quarterly reporting, the accelerated filer definition, and SEC independence rule amendments.

Oonagh Harpur, Independent Non-Executive (INE)

Oonagh Harpur joined the KPMG UK's Public Interest Committee as an Independent Non-Executive in April 2018. Oonagh has over 30 years' experience in the boardroom including 14 years in CEO roles in the private, public and third sectors. Her experience spans partnerships and professional service firms, financial and health services.

As a corporate strategist and CEO, Oonagh realised culture was a critical element of corporate success. Over the last 20 years, she developed her understanding and practice of culture first as chief executive of a national campaign developing an entrepreneurial culture in the UK, then leading the post-merger integration of an international professional services firm around culture and values. As part of the FRC's Culture Coalition, Oonagh co-authored with Tomorrow's Company and the City Values Forum "Governing Culture: Risk & Opportunity. A guide for board leadership in purpose, values and culture".

Oonagh is also a member of the Civil Service Talent Advisory Group and the Culture Observatory Advisory Board, a trustee of the Scientific and Medical Network and a senior advisor, mentor and coach to a number of leaders in business, the civil service, NHS and not for profits.

Jock Lennox, Audit Committee Chairs Independent Forum (ACCIF) Board Member

Jock Lennox is Chair of the ACCIF, formed in 2016 to provide a platform for Audit Committee Chairs' views, Audit Committee Chair at Barratt Developments plc and held the same role at Dixons Carphone plc. He is Chair elect at Johnson Service Group plc. He was also Chair at Enquest plc and Hill & Smith Holdings plc (having previously been Audit Committee Chair). Jock was also Chair of the Trustees for the Tall Ships Youth Trust a charity taking disadvantaged and disabled young people to sea to transform their lives and life chances.

Jock retired from Ernst & Young in 2009, having been a partner for 20 years. At EY he worked as auditor and adviser to a range of UK listed companies with international and multi-national operations. He held several UK and Global leadership positions.

Session 3: The importance of a culture of challenge

Professor Karthik Ramanna, Blavatnik School of Government, University of Oxford

Karthik Ramanna is Professor of Business and Public Policy at the University of Oxford's Blavatnik School of Government. An expert on business-government relations, sustainable capitalism, and corporate reporting and auditing, Professor Ramanna has studied how organisations build trust with stakeholders and the role of business in designing sensible and responsible "rules of the game". He has authored dozens of research articles and case studies on non-market strategies in Africa, China, the EU, India, and the US, and he has consulted with several leading business organisations worldwide, including Fidelity, KPMG, McKinsey, PwC, Sonae, and State Street.

Professor Ramanna is director of Oxford's Master of Public Policy programme. He is faculty chair of the Transformational Leadership Fellowship, a bespoke, by-invitation programme for senior corporate executives considering a second career that can bring their strengths to address broader societal challenges. He also directs the Case Centre on Public Leadership at the Blavatnik School, and he is fellow and member of the finance and investment committees at St John's College.

Previously, Professor Ramanna taught leadership, corporate governance, and accounting at the Harvard Business School in both the MBA and senior executive-education programs. He has a doctorate from MIT's Sloan School of Management. He is the author of Political Standards: Corporate Interest, Ideology, and Leadership in the Shaping of Accounting Rules for the Market Economy (University of Chicago Press).

Session 4: Embedding and measuring organisational culture

Dr Roger Miles, Behaviour at Risk (BaR) insight; Oxford Scholar, PhD, FRSA

Dr Roger Miles researches human-factor risks among regulated financial providers worldwide, helping steer their responses to new Conduct regulations, Culture Audits and capital charges against Reputation Risk. He convenes knowledge sharing groups of senior executives including forums at UK Finance, whose Conduct and Culture Academy he co-founded in 2017.

Following audit practice with PwC he advised the Boards of large publicly listed companies in the UK, EU and US as a partner in investor relations firm Georgeson & Co. He was Director of Communications and Enterprises for the BBA (under Sir Brian Pitman), UK corporate affairs lead at FBE in Brussels, and later a Head of Risk Communications in HM Civil Service, before giving all that up to requalify as a risk psychologist and university lecturer.

With research among more than 400 firms participating in UK Finance Conduct sessions since 2016, he has amassed a unique exemplar body of conduct programmes, reporting designs, indicators and definitions. His research uses language analytics and specialist 'sensitive topic research' techniques to identify previously unvoiced concerns. These findings guide the design of the firm's framework of human-factor risk indicators and reports, encouraging the start of productive "conduct conversations" at all levels, embedding spontaneous best practice in risk reporting.

His published work includes the financial sector's popular handbook Conduct Risk Management: A behavioural approach (2017) and Culture Audit: Reporting on behaviour to conduct regulators (2021), which includes chapters co-authored with senior regulators in the UK, EU, US and APAC. He co-edits the Encyclopaedia of Key Psychology Concepts for the London School of Economics annual Behavioral Economics Guides and is a contributing editor at Thomson Reuters Regulatory Intelligence.

In 2006-7, he analysed how banks were 'gaming' their public reporting on regulatory capital, whose theory was validated abruptly when global financial markets crashed in 2008. In 2010 he accurately predicted the change of financial regime to 'behaviour-based regulation'; the UK's Conduct regime launched in 2013 and included core principles he had earlier identified.

Dr Tom Reader, London School of Economics

Dr Tom Reader is an Associate Professor of Organisational Psychology at the London School of Economics. He directs the MSc in Organisational and Social Psychology, leads an MSc and Executive course on Organisational Culture, and is a chartered psychologist (MA and PhD, University of Aberdeen; Leverhulme Fellowship).

Tom's research focuses on organisational and safety culture: he studies how norms and behaviours relating to risk-management, team-working, and ethical conduct emerge in organizations and contribute to outcomes (e.g., safety, decision-making).

Tom's current work investigates how organizations can better detect and respond to signals of impeding and serious failure. Specifically, he explores how stakeholders who may lack institutional power (e.g., junior employees, service users) can have insights on critical problems at the operational-level of work (e.g., errors, accidents, conduct) that are unseen or unaddressed by senior decision-makers. Tom examines the psychological and organizational mechanisms (e.g., culture, data analytics) through which such insights can be given prominence, and thereby learnt from and used to support organizational resilience.

Professor Celia Moore, Imperial College London

Celia Moore is Professor of Organisational Behaviour at Imperial College Business School. Prior to joining Imperial, she held positions at Bocconi University in Milan and London Business School. She has also been a visiting scholar at Harvard Business School and a Fellow of the Edmond J. Safra Center for Ethics at Harvard University. She is currently an Academic Fellow of the Ethics and Compliance Initiative and sits on the UK's Banking Standards Board Assessment Steering Committee.

Her teaching sits at the intersection of leadership and ethics. She is particularly interested in supporting individuals to enact their moral agency responsibly. She has worked with several organizations on how to support more ethical behaviour at work, including the Financial Conduct Authority (UK), the Institute of Chartered Accountants of England and Wales (London, UK), the National Health Service (UK), the Brookings Institute (Washington, DC), and several major financial institutions.

Her research focuses on how organizations unintentionally facilitate morally problematic behaviour, and on how to resist these consequences, which has been published in various renowned academic journals. Her work has been featured in the Financial Times, Wall Street Journal, Forbes, and Fast Company, as well as on NPR, the CBC, and the BBC.

Rick Borges, Director of Assessment (UK and International), Financial Services Culture Board (FSCB, previously the Banking Standards Board)

Rick Borges is a member of the FSCB's Executive Committee. He has senior responsibility for the FSCB Assessment of culture, behaviour and competence across member banks and building societies and other firms outside membership in the UK and abroad.

Rick previously worked at the Professional Standards Authority for Health and Social Care where he was responsible for a programme to improve standards of behaviour and competence of healthcare practitioners. He also acted as an advisor on professional standards and regulation to other organisations, including the Press Recognition Panel (set up following the Leveson Inquiry), the Department for Education, the Government of Ontario (Canada) and the administration of Hong Kong. He started his career at the Department of Health, in the Private Office of a Minister of State, then worked for the National Information Governance Board for Health and Social Care, and in the Private Office of the Director General for NHS Informatics.

Rick is a trustee of National Voices, a charity in England, where he is also the Treasurer and the Chair of the Audit and Risk Committee. He has a master's in law (LLM) and a postgraduate diploma in law in the UK.

Session 5: Audit firm culture, audit quality and the role of the regulator

Carol Paradine, CEO of the Canadian Public Accountability Board (CPAB)

Prior to assuming the leadership role at CPAB, Carol was a partner in a major international firm. She specialized in assurance and advisory services for public companies as well as complex accounting and financial transactions. Carol served on the firm's Board of Directors and Executive Committee with roles that included Managing Partner – Leadership Development and Succession, Managing Partner – Prairie Region and Acting Chief Financial Officer.

Carol currently serves on the board of directors as Chair, Nominating and Governance Committee of the Alzheimer Society of Toronto. Previous roles have included Chair, Manitoba Chambers of Commerce, President, Alzheimer Society of Manitoba, board and audit committee member, Alzheimer Society of Canada, board and audit committee member, CentrePort Canada, board and finance committee member, YMCA-YWCA National Capital Region, board member, Innovate Manitoba, board member, Harmony House and advisory board member, Carleton University School of Business. She also coached youth soccer for a number of years and was a lecturer and coach at Carleton University.

Carol has a Bachelor of Commerce degree, along with her Chartered Professional Accountant and Certified Public Accountant designations from Canada and the United States.

Professor S.P. Kothari, MIT Sloan School of Management

S.P. Kothari is Gordon Y Billard Professor of Accounting and Finance at MIT's Sloan School of Management. Professor Kothari has senior executive experience in government, academia, and industry with expertise in strategic and policy issues, securities regulation, auditing, and corporate governance. Most recently, he served as Chief Economist and Director of the Division of Economic and Risk Analysis at the US Securities and Exchange Commission from 2019 to 2021. In academia, Kothari was deputy dean of MIT Sloan School of Management (2010-15), and previously he headed the Department of Economics, Finance and Accounting at MIT.

In 2008-09, Kothari was global head of equity research for Barclays Global Investors; he was a director of Bombay Stock Exchange (BSE) (2015-19); and he has consulted extensively on economic and securities matters.

Olivia Fahy, Head of Culture of TCC

Olivia joined TCC as Head of Culture in March 2021 to lead and develop TCC's culture division. Olivia joined TCC from the FCA's Culture Team within Supervision, having spent five successful years leading its Transforming Culture initiative. During Olivia's tenure at the FCA, she engaged directly with financial services firms to drive and embed healthy, sustainable cultures across the industry.

Prior to this, Olivia spent a number of years at the Financial Ombudsman Service, liaising with stakeholders to resolve high-profile policy issues. Olivia holds an MSc in Financial Regulation from Henley Business School.

Graham Ward, Non-Executive Member of UK Civil Aviation Authority (CAA)

Graham is a Non-Executive Member of the UK Civil Aviation Authority and chairs its Audit Committee. He is also the President of Goodenough College, an Ambassador of the International Integrated Reporting Council, an Honorary Officer of the World Energy Council and a Fellow of Dulwich College.

Graham is a former: Deputy Chair of the FRC, Vice Chair of the Auditing Practices Board, President of the International Federation of Accountants (where he played a leading role in the creation of the Public Interest Oversight Board), President of the Institute of Chartered Accountants in England and Wales, Partner in PricewaterhouseCoopers (where he Chaired its World Utilities Group) and Vice Chair of the UK-India Business Council. He was the first Chief Commissioner of the Independent Commission for Aid Impact. Graham was appointed CBE in the 2004 Birthday Honours, for services to exports.

Ben Alcott, International Director at UK Civil Aviation Authority (CAA)

Ben was appointed as the CAA's first International Director in November 2015, creating and leading the now established International Group with accountability for the CAA's advisory and training arm, the CAA's State Safety Partnership programme, engagement with international institutions such as the International Civil Aviation Organisation (ICAO) and the institutions of the EU.

Since 2012, Ben has also been a Director of Air Safety Support International (ASSI), the CAA's wholly owned subsidiary organisation providing oversight of and support to the UK's Overseas Territories.

Ben joined the CAA in 1998 following a career in gas turbine research and design for the UK Government and Roll-Royce.