
Perception of the statutory auditor's role in society

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Introduction

The profession of the statutory auditor belongs to the group of professions of public trust and plays an important role in an economic system that is based on the reliability of financial information. This means that the work of statutory auditors is vital to the functioning of the economy. In the realities of the modern market economy, characterised by high dynamics of change and the complexity of economic processes, financial information forms the decision-making basis for many stakeholder groups. Investors, lenders, public authorities, business partners and employees base their decisions on the data contained in financial statements, expecting them to be fair, comparable and factually correct. In this context, the role of the statutory auditor as an independent professional whose task is to give an opinion on the fairness of the financial statements becomes particularly important.

The role of the statutory auditor is to independently review the financial statements of business entities and to confirm that they give a true and fair view of the assets, financial position and results of operations. Financial audit is not just about checking the correctness of accounting records, but covers a much broader range of activities, such as risk analysis, assessment of the applied accounting principles or verification of the functioning of the internal control system. Despite the vital importance of the profession, public knowledge of the statutory auditor's responsibilities and the nature of auditing remains limited. The profession is often confused with the work of an accountant or inspector, which affects the way it is perceived and insufficiently recognised in society.

Purpose and methodology

The purpose of this MA thesis was to investigate how the role of the statutory auditor is perceived in society and to identify differences in opinions and judgements between audit professionals and persons from outside the profession. The author conducted a survey in two groups: statutory auditor candidates and non-professionals. The study focused on the perception of the statutory auditor's role in society, with particular reference to the level of knowledge about the profession, its image, prestige and public trust, as well as the significance of increasing digitalisation. In the case of statutory auditor candidates, the questions also focused on their motivation for take up the profession.

The theoretical part of the thesis is devoted to a discussion of the nature of financial auditing and the statutory auditor's place in the economy. In this thesis, the author has presented the definition and scope of the statutory auditor's responsibilities, the history and development of the profession, its importance in ensuring the safety of business transactions, and the legal regulations regarding the profession. Financial audit has been framed as a process aiming to enhance the reliability of financial information, requiring the statutory auditor to have professional judgement, expertise and professional experience. In the process of auditing financial statements, it is important to identify areas of specific risks, plan audit procedures properly and be able to interpret the evidence obtained. The theoretical part also describes the scope of auditing financial statements and the role of the statutory auditor in providing an independent opinion on their fairness and compliance with applicable accounting principles.

In the theoretical part, the author also discussed the history of the formation of the statutory auditor profession and the development of financial auditing as a response to the needs of the market economy. The author pointed out that the emergence of auditing was linked to the separation of ownership and management functions in companies and the need to protect the interests of the owners of capital, and that the development of capital companies and financial markets entailed an increased need for an independent assessment of the financial position of companies. The author presented the development of the profession across Europe and the United States, as well as the process of shaping financial auditing in Poland. The author specifically addressed the issues of professional ethics and statutory auditor independence – a prerequisite for a proper audit. The author discussed the basic principles of professional ethics, such values as integrity, objectivity, importance of professional competence, due diligence and professional confidentiality. Attention was also brought to the legal and disciplinary liability of statutory auditors and the consequences of a non-reliable audit that can affect not only individual entities but also influence the financial market as a whole.

The theoretical part includes also an analysis of the impact of digitalisation on the profession of the statutory auditor – the development of information technologies, the automation of accounting processes and the use of advanced analytical tools are changing the way financial audits are carried out, increasing the efficiency of audit procedures and reducing routine activities. Digitisation requires statutory auditors to continuously improve their competencies and adapt to new working conditions.

The empirical part of the thesis was devoted to analysing the perception of the statutory auditor's role in society based on the results of a survey. The survey was comparative in nature and was conducted in two groups: statutory auditor candidates and non-professionals. The aim of the survey was to identify differences in how the two groups perceive the profession and to analyse selected aspects of those perceptions, such as the level of knowledge about the profession, its image, prestige, public trust and the significance of technological change. The hypotheses adopted by the author assumed that persons from outside the profession had limited knowledge of the role of the statutory auditor whereas statutory auditor candidates perceived the profession to be more prestigious and demanding. The author also anticipated that statutory auditor candidates had more trust in the profession and that they see digitalisation as an opportunity, while the public was concerned about threats to the independence of the profession. These assumptions were aimed at verifying differences in how the profession is perceived and to draw conclusions about activities needed to educate about and promote the profession.

Sampling

The selection of the sample made it possible to identify differences in how the profession is perceived in terms of, among others, the level of knowledge, education and professional experience. In analysing the results, the author paid special attention to comparing the distribution of responses in the two groups of respondents, which made it possible to capture both similarities and clear differences in how individual aspects of the statutory auditor profession are assessed. A total of 110 respondents (55 statutory auditor candidates and 55 non-professionals) took part in the survey.

The respondents varied in terms of sex, age, level of education, place of residence and occupational status. The statutory auditor candidates were predominantly aged between approximately 18 and 34 years with a university degree (it often happens that young people who are just beginning their professional careers enter the path of becoming a statutory auditor; they must have university education). The group of respondents from outside the financial audit profession was more diverse in terms of age, level of education level and professional experience. The respondents represented different age groups and different levels of education,

which was reflected in the varied responses given in the subsequent part of the survey. The greater diversity of this group made it possible to capture a broader societal perspective on the perception of the statutory auditor profession. Despite the aforementioned differences between the groups, the sampling provided for meeting the assumptions regarding their diversity and comparability.

Conclusions

One of the key areas of the survey was the public's level of knowledge regarding the statutory auditor profession (for those not involved in the profession) and the motivations to take up the profession by the statutory auditor candidates. The results of the survey showed differences between the respondent groups. In the group of respondents from outside the profession, knowledge of the statutory auditor profession was limited and responses often indicated an incomplete or fragmentary understanding of the statutory auditor's role. Only around 33 per cent of non-professional respondents were able to correctly identify the statutory auditor's core function, i.e. auditing financial statements, with the majority rating their knowledge as average or non-existent. When asked about their motivations, the statutory auditor candidates most often mentioned the prestige of the profession, the prospect of high salaries and job stability as the main factors behind their decision to take up this career path. The majority of the candidates also rated career opportunities in the profession as either very good or good, with the auditing profession not being the first career choice for a significant portion of the respondents. Despite differences in the perception of the statutory auditor profession in the survey groups, and differences in the level of knowledge of the the profession, the two groups shared the source of their knowledge about the profession. Both groups draw their knowledge mainly from school and from friends. In addition, the statutory auditor candidates mentioned also internships and placements in audit firms, whereas the non-professionals pointed to media and work.

Another issue analysed was the image and prestige of the statutory auditor profession. The results of the survey showed that the statutory auditor candidates perceived the profession as highly prestigious, requiring expertise and responsibility and having an impact on enhancing corporate transparency. In this group, the statutory auditor profession was associated with integrity and professionalism. Opinions were more varied among the respondents from outside the industry. Some respondents rated the prestige of the profession as high, but a significant portion found it difficult to make a clear assessment, which may be due to limited knowledge of the actual scope of the auditor's work. The survey showed that the statutory auditor candidates held a higher view of not only the prestige of the profession, but also of its place in the hierarchy of other professions, income potential and social importance. The statutory auditor candidates also demonstrated broader knowledge of the consequences of an unreliable audit. They are able to point to specific companies that have experienced such situations and

can provide details of their cases. In contrast, non-professionals limited themselves to general effects without describing specific cases. The differences between the responses provided by the two groups are evident both in terms of their quantity (the statutory auditor candidates were more likely to answer open-ended questions) and the detail of the information provided.

Public trust in statutory auditors was also examined. Most of the statutory auditor candidates declared a high level of trust in audit results and in the integrity of the auditors' work. In the group of persons from outside financial auditing, respondents were more likely to indicate moderate levels of trust or provided mixed opinions, which may be related to the limited knowledge of the scope of the statutory auditor's work declared by this group in other parts of the survey. The statutory auditor candidates were more likely to select "definitely yes" and "rather yes", whereas those not in the profession were more likely to provide neutral or undecided responses. Comparing the answers given by the surveyed groups, one can see that the statutory auditor candidates had a more positive view of the independence, reliability and impact of the auditor's work on the financial integrity of audited entities than those not associated with the profession. The differences indicated may be due to the candidates' deeper understanding of the profession with a more detailed knowledge of its role in society and the responsibility associated with it.

Another area of analysis included the impact of increasing digitalisation on the perception of the statutory auditor profession. The survey revealed differences in how digitalisation of auditing is perceived by non-professionals and statutory auditor candidates. Respondents from outside the industry expressed concerns about automation and the potential reduction of the human role in the process of auditing financial statements. The candidates were far more optimistic about the impact of digitalisation on statutory auditors' effectiveness, pointing out that digital tools can support the audit process and facilitate certain audit activities. The differences in responses may be due to the different level of the respondents' knowledge regarding the area concerned. The persons from outside the profession were more likely to declare low or moderate knowledge of the technologies used in auditing and referred to digitalisation in general terms. On the other hand, the statutory auditor candidates referred to specific digital tools and demonstrated more detailed knowledge of their applications in the auditor's work, indicating how a specific tool could facilitate the auditor's work. These results suggest that perceptions of digitalisation in the statutory auditor's work are closely linked to the level of knowledge of the profession.

Summary

The results confirmed the research hypotheses, showing significant differences in the level of knowledge, trust and assessment of the prestige of the statutory auditor profession between the survey groups. The results point to the need to increase the public knowledge of the profession, e.g. through educational activities addressed

to a wide audience, such as seminars, workshops and information campaigns that highlight the statutory auditor's role in the economy, the professional responsibility and the positive impact on the transparency and financial integrity of companies. It is also worth highlighting the use of the media, including the internet, to spread awareness of the statutory auditor's everyday work.