

Expert talk: The development of the audit

Transcript English

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In this [video interview](#), Karin Frei (KF), former SRF host, talks to Prof. Dr. Leibfried (PL) Professor at the University of St. Gallen, Dr. Christian Kehler (CK), Partner, Head of HR at KPMG Switzerland, and Regula Tobler (RT), Partner in Audit at KPMG Switzerland.

- KF: We're here talking about the future of auditing with Regula Tobler, an economist, auditor and partner at KPMG Switzerland. We're joined by Christian Kehler, Head of Human Resources, who is responsible for all human resources activities at KPMG Switzerland. Also with us is Peter Leibfried, Professor at the University of St. Gallen and Director of the Institute for Accounting, Control and Auditing. I think it's fair to say that the world is in a state of flux, that everything is changing - both in everyday life and especially in professional life. Regula Tobler, you've been an auditor for many years. When you look back at the beginning of your career and compare it with today, what would you say has changed the most? [#00:00:03#](#)
- RT: I don't think it's comparable at all anymore. Of course, auditors are still doing the same thing and ensuring the quality of reporting. But the way we do it is very different. When I started 20 years ago, we did paper audits. We would go to the client with a bunch of boxes and fill them with fanfold paper - the printout of the company's accounting. Each person was assigned a small bundle and signed off on the checklist when they were done. At the end of the week, we put everything back in the binders, went back to the office, and wrote the report on the computer there. Today, of course, it's not like that at all; there's a lot more technology involved. We can extract the data from the client's systems. The technology - data analytics, to be exact - does a lot of the work. We do the analytics, and that allows us to really focus on the more critical transactions. Some of that has been outsourced to shared service centers, for example. The job description is very different today. The one thing that hasn't changed is that we're still at the client site. [#00:00:50#](#)
- KF: So, you sit in your office at home, extract the data, and get to work? [#00:01:57#](#)
- RT: Thankfully, no. Of course, some of that was true during the pandemic. But it became clear that client contact is crucial. It worked well in the case of long-standing relationships, but it is difficult to build new ones in these conditions. Auditing is also about trust. And we deal with a lot of different people on the client side, so it's really a key aspect. [#00:02:01#](#)
- KF: Christian Kehler, has that also changed in HR - in recruiting - over the last 20 years? What was the market like then and what's happening now? [#00:02:28#](#)
- CK: Of course, there's been a shift in skills, to name just one. Not only do candidates need to have business skills and a healthy sense of curiosity, but they also need to have digital skills and meet other requirements. Things like social skills and even empathy are becoming more important. There have also been a lot of changes in terms of recruiting. In the past, we might have done things a little bit easier - or we

could take a simpler approach. We went to the universities, talked to the young talents there, posted job ads. That was enough. Today, you have to be able to stand out on different social media channels. You have to be much more proactive in communicating with young talent so that you can inspire them later on.

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- KF: What does being more proactive mean? What exactly are you doing? #00:03:21#
- CK: Today we actually approach and screen tens of thousands of talents every year. We then try to stay in touch with them and, of course, hope to inspire them to join KPMG. #00:03:25#
- KF: Peter Leibfried, being an auditor was at least a job that was considered crisis-proof, a job that would always be needed. When you look at your students, is it an attractive profession? Is that what they want to do? #00:03:41#
- PL: I've been teaching auditing for about 20 years, and it fluctuates, of course. It is true that when the economy is doing extremely well, a lot of people want to get into the capital markets or start a business. Whenever the economy is a bit rockier, people remember that there's always a need for controlling and accounting. Overall, the attractiveness of the profession has been about the same for the last 20 years. If we look at our programs, our master's in accounting and finance has been the largest German-language program at the university for many years. #00:03:58#
- KF: Regula, you said that the profession has changed, that some of the simpler tasks are being outsourced. When you join KPMG fresh from university, it's actually like going through a training program all over again. Does that work when the demands are so much higher from the beginning? #00:04:34#
- RT: I think it makes it much more attractive. Of course they still have to learn the basics. They get an education where they spend three or four years in a classroom learning theory while they work towards becoming a qualified auditor. #00:04:54#
- KF: What exactly will I learn when I join KPMG? #00:05:12#
- CK: Many different things. Theory meets practice. You also learn things that you might not learn as early in other companies or in other industries. You're able to take on leadership responsibilities very early on and learn teamwork and even social skills. We call it upskilling. This happens all the time. Of course, we also have opportunities for people to specialize or upgrade their professional skills throughout the employee lifecycle. #00:05:15#
- KF: How does the younger generation actually do things? Do they stay with the same company throughout their career? #00:05:45#
- PL: No, they generally don't stay with the same company, and they change more often than they used to. But that's why I think auditing is such an attractive profession. Normally, when young people join an organization, they define themselves through that organization. They grow in that organization. When they go into auditing, on the other hand, you see the education that I just mentioned: They actually learn something, they also learn practical skills. They learn about finance, financial management, accounting, tax, and law. They take that with them wherever they go next. #00:05:51#
- KF: What path would they normally take today if they don't stay with the company? #00:06:26#
- PL: After a few years, they'd typically move to the client side, joining companies they may have audited before. They'd take on finance responsibilities and then, after two or three more career moves, they'd take over as CFO. That's something we see quite often. #00:06:32#
- KF: Regula Tobler, you said that being close to the client is important. Does that include getting a feel for people and where things might potentially go wrong? How important is it to understand exactly who's sitting across from you? #00:06:49#

- RT: I think the relationship is very important. The audit is part of it, of course, but there's also the interpersonal side of things. In auditing, you build very long-term relationships. Not only that, but you see what's happening throughout the company. For example, when we're analyzing data, we're also looking at the processes, so we can give them feedback on where there's potential for improvement. It may not be very relevant to the audit, but it's something that helps the company. I think it's this constructive collaboration that makes auditing so appealing to me. It's not just about the audit - looking at everything and giving our opinion - it's also about helping our clients to improve. #00:07:07#
- KF: I guess you have insight into a lot of different areas. #00:07:49#
- RT: A lot of different areas and, as Peter said, an extremely large number of companies and very different corporate cultures. For younger people in particular, that might be another factor in addition to education that helps them decide where they want to go. Which culture appeals to me and which doesn't? #00:07:55#
- KF: What about working hours? I would imagine that an auditor or an accountant who writes the report has no life outside of the job - their focus has to be 100% on that report. Does that work with children and a family? #00:08:12#
- RT: Perfectly. Of course, we have our deadlines and know when the report will be published. Since the auditor is always the last in the chain, there's definitely pressure to get the work done by the deadline. Other than that, we've actually got a lot of flexibility. I know a year in advance when these meetings and deadlines are. You can organize things around those dates. I think it's also a very good profession to work in on a part-time basis. After all, I've spent the last 12 years in a senior management role with an 80 percent workload and it works extremely well. #00:08:26#
- CK: Maybe I can add to that. Of course the busy season is challenging. And of course there are situations with clients where we have to deliver with a very short turnaround time. But companies today offer a lot more flexibility than they did a few years ago, such as flextime and hybrid work models. Management can also be more responsive to individual needs and create the flexibility you need to have the right work-life balance so that you can manage your workload in a way that also allows you to manage your family or your personal life. #00:08:54#
- KF: We've talked a lot about young talent, but what about the client side? As the profession has changed, have clients' needs changed? #00:09:31#
- CK: Definitely. You can answer that better than I can. But I think it's reflected in the fact that there's a growing demand for advisory services in addition to the traditional audit activities. In some cases, auditors are having to deal with risk management or corporate governance issues. They're focused on the same thing as we are: helping clients quickly achieve the best possible results - together. Regardless of whether they have a hybrid or flextime work model. #00:09:41#
- KF: Peter Leibfried, how is the situation on the academic side? Are new fields opening up? #00:10:13#
- PL: There's definitely some truth to the statement that those of us who work in education must always reflect the needs of the business, because we have to be useful. We've worked hard in recent years to expand our offerings in IT, digitalization, and data analytics. At the University of St. Gallen, we've now established our own faculty of computer science. The hot topic right now is ESG - reporting on environmental, sustainability and governance issues - and there's a lot happening in that area right now. #00:10:17#
- KF: Isn't that a bit of a hype now? Are students coming in and saying, "This is what we want"? Are these values suddenly relevant to this generation? #00:10:49#
- PL: That's exactly what's happening, and we can feel it. I'd say about a third of the dissertations I'm supervising right now are in this area. That's one of the nice things about working at a university - you're always on the cutting edge. In fact, young people are constantly expressing what's important to them and what they think the issues should be in the next 10, 20 years. #00:10:59#

- KF: Is that something you notice at work as well? #00:11:18#
- RT: We're seeing the same thing. Our audit work is getting broader, not only in terms of financial reporting, but also in terms of non-financial reporting, ESG. The younger generation wants to audit these issues and really see helping clients and guiding them to this new way of reporting as an asset. #00:11:19#
- KF: How difficult is that in principle? When I talk to people in the financial sector, for example, they say that there's a lack of benchmarks, standards and regulations, and that they suddenly have to do qualitative audits. How does that work? How much progress has been made? #00:11:37#
- RT: There are standards, so we audit against a standard. Data collection and data quality on the client side is certainly a challenge. Of course, we do see some issues, and wherever they come up, they make our audit work challenging. #00:11:53#
- KF: What would you say if you could make a wish to a client? #00:12:07#
- RT: It's not a wish, it's a journey we're taking together. How can we ensure our ability to collect data at the level of quality we need? It may be a wish now, but it's more of a question of how is that even possible. It's also a question that client are asking. #00:12:13#
- PL: I'd like to add something to that because I think it's one of the biggest opportunities for young people in the next 10, 20 years. When I started in this industry, the whole issue of IFRS, internationalization was new. It's actually a trend that we've been seeing for the last 20 years. What's new is ESG. That means we have standards that we need to develop. We have data, but it's not perfect yet, and in some cases the financial market can't do much with it yet. So things are evolving, but that evolution is also an opportunity. Because the people who are entering the profession now and focusing on it are at the forefront. #00:12:29#
- KF: Does that mean that people who are coming in now can actually shape the future? #00:13:08#
- CK: Of course. I think that's the time horizon right now. Based on what we've discussed, we can see that the skills and requirements are changing, but the key role of the auditor remains the same. Auditors create trust, now also in matters related to sustainability and ethics. For this new generation, I think it gives them a sense of purpose. #00:13:14#
- KF: Now there's another factor that's not entirely new: machine learning and artificial intelligence. Especially when there's a lot of data to analyze, that task is being taken over by someone else or outsourced. I think you told me once that it's being sent to Romania. How is AI changing the profession? #00:13:36#
- CK: I don't think it's just AI - I think it's just one component, and the automation that it enables certainly has the potential to revolutionize auditing, because you can set a quality standard and focus on what's important. Other components are big data and tools that are yet to come that will simplify incoming data, particularly unstructured data, to make it more digestible and more easily adaptable to different client environments. #00:14:01#
- KF: How do you experience all this on the front line? #00:14:29#
- RT: Another change that I think we can expect is that you're not just going to do audits once a year or download data twice a year, but that it's going to be an ongoing process that ends up giving you a much deeper insight into the business. #00:14:30#
- KF: If you have more digital tools and maybe even AI, can you say that the demands on the audit will also increase? Will clients say something like, "But then I expect you to see everything so that nothing can ever go wrong again"? #00:14:45#
- CK: I think clients are aware of their own structures, their own data sources, and that it's not all that simple. Large clients today have many data sources because they have many different systems. So of course they're happy if their auditor is able to accommodate that and anticipate those issues. #00:15:03#
- KF: The auditor's job is to make sure that the accounting is legally compliant, that the rules are appropriate, and so on. Could that perhaps pave the way for us to say, "All of this has to become more forensic because we have these tools"? #00:15:23#

- PL: I think mass data is already giving us the opportunity to gain more insight than ever before. Of course, many of the tasks stereotypically associated with the job - like going through a checklist and double-checking calculations - have been eliminated. At the same time, new threats are constantly emerging. The world is becoming more dynamic, and business models are becoming more complex. That means the job isn't getting any easier. The expectation gap - a phenomenon where people always expect perfect, risk-free audits - will remain. It's a bit like the game of cops and robbers. Some keep getting away, and we keep chasing them. Auditing is definitely not going to become so redundant or irrelevant that you can say: "It's all automatically generated out of the system." I don't see that happening at all. Regula said it well earlier. While a lot of what we do involves numbers, spreadsheets, and mathematics, our discipline, of course, ultimately falls into the category of the social sciences. It's about somebody giving money to management, them doing something with it, and us reporting back on what happened and whether we think it was good or bad. This is where the human factor plays a huge role. That's why I think it takes a lot of emotional intelligence and excellent relationship work, not at all what people always think, which is that auditing is all about numbers. We're not a science, we're in the business of transparency and information. #00:15:42#
- KF: When people think of an auditor, they think of someone who comes in, goes through a checklist, and follows an extremely precise and highly regulated set of rules. How creative is this profession? #00:17:16#
- RT: I think we have an enormous amount of freedom, especially now with the emerging issue of ESG, where you have to work with the client to find the right way forward. That gives you a lot of freedom. On the other hand, of course, you've got regulations, just like in other industries. #00:17:30#
- PL: That's something that should be emphasized - especially from the point of view of the next generation of auditors. Of course auditing is in the public interest and that's why it's regulated to make sure it works as well as possible. We have a lot of standards and rules. On the other hand, graduates go into many other professions that are at least as highly regulated as ours. Take the whole financial sector, banks, insurance companies, even many industrial sectors, the pharmaceutical industry, the chemical industry, health care - all of them are highly regulated. I think that's just the result of a world in which we're striving for higher and higher levels of security and reliability, while at the same time demanding greater and greater accountability. It's not just an audit problem. #00:17:48#
- KF: But people also have some misconceptions about auditing, Christian Kehler. #00:18:33#
- CK: That's hard for me to say because I see auditing in a very positive light. Maybe it's often underestimated and viewed in a one-dimensional way, but topics like digitalization and ESG are exciting opportunities that you can contribute to as an individual. As I mentioned at the beginning, I believe that auditors have a key role to play in society. #00:18:39#
- KF: If we wanted to wrap this up by summarizing in just a few words why you think being an auditor is the be-all and end-all, what would you say? What's the most fun about it? And most importantly, where do you see the profession in ten years? #00:19:01#
- RT: It's incredibly diverse. You really have different issues on the table every day. I think the human dimension is very important. I get to work with a lot of different people, not only within the KPMG team, but also on the client side. Working together to achieve something or complete a project together, helping the client to improve, the constructive aspects, working side by side, these are the things I really enjoy. #00:19:25#
- CK: I would add that it's a meaningful activity for society as a whole, as I mentioned at the beginning. It is important for the capital markets. But on an individual level it also opens up a lot of opportunities later in life. Where do you want to go? Industry? Become a CFO? What do you want to do? Stay at home, go abroad? I think you'll have a good toolbox to help you go in many different directions. #00:19:54#
- PL: Young people never come into direct contact with the financial DNA of a company or an organization as quickly as they do here. They talk to the management, they talk to the shareholders, they learn what it's all about and where they stand. In a normal career somewhere else, that's something that happens after many years. #00:20:20#

- KF: What will this profession look like in ten years, Peter Leibfried? [#00:20:40#](#)
- PL: I think it's going to evolve in terms of a lot of the things we just talked about, including content, ESG, and working with data. You always need people in leadership positions. Business, the economy, is something that happens between people, not between random computers or artificial intelligence. So in that sense I don't think that much will have changed. [#00:20:44#](#)
- KF: So, my takeaway is that it won't have changed too much and that auditing always needs to be close to the client. Many thanks to Regula Tobler, Christian Kehler and Peter Leibfried. [#00:21:06#](#)

If you have any questions about the interview or the topic, you can find our contact details and further information [here](#).

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