

### **Governance and Professional Skepticism**

Mr. Paul M. Koster, Managing Director at the Dutch Shareholders' Association VEB, gave a presentation on Governance and Professional Skepticism. Mr. Koster focused on role of (corporate) governance in enhancing global audit quality. His main messages were:

- There is low trust from stakeholders in good corporate governance;
- Investor demands and needs are at a high after the financial crisis;
- Unmitigated strong growth in advisory services gives the wrong message to markets and provides the wrong impetus for audit quality enhancement;
- Intensifying economic / financial globalisation and growing interdependencies should be urgently reflected in governance structure of audit firms;
- Should there be a post financial crisis overhaul of audit oversight (via audit committees and regulators)?

Mr. Koster's introduction was followed by interactive discussions with IFIAR Members and Observers. These discussions focused on:

- Relevant developments around the globe, such as on the UK Corporate Governance Code and a new governance model for audit firms in the Netherlands;
- Whether the board analogy should be applied to the partner structure of global audit;
- How questions from regulators to auditors could play a role in more professional skepticism;
- Whether audit committees have sufficient tools and information to assess the quality of an auditor.