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Allow me to start with some figures of PWC 2013 Survey.

Some figures of a recent Survey OF PWC MARCS 2013 about the “investor perceptions of audit firms’

Major observations of the independent survey of the investment community.

- 1. Investors’ highest expectation of audit firms is that they contribute to the accuracy of financial reporting.**
- 2. While investors value the audit, they don’t find the audit report itself to be very informative.**
- 3. Financial Reporting is an important driver of investor’s decision making.**
- 4. But 72.6 % consider that there is no relationship with the auditors.**
- 5. The Investors Expectations of auditors is that they expect that the figures are not “fixed” in other words Cooked.**
- 6. 6.6% asked for more Clarity in reporting.**
- 7. 13.5% believe it is an Auditing is fraud prevention.**
- 8. 15.1% auditing reflects Honesty and Integrity.**
- 9. 51.7% do focus on the accuracy in the numbers**

In 2001, the Enron scandal and the collapse of Arthur Andersen opened a new era of perception of the auditors’ performance and credibility.

In this part of the world my Experience As head of regional insurance group before 2001 was actually limited until the Arthur Anderson Collapses.

Until this event our Auditors used to confirm our accounting works with very few superficial written notes or oral remarks but always on friendly basis.

Add to this the fact, Regulators in most Arab countries, Morocco, Tunis, Kingdom of SA, Jordan, Cyprus where we used to have investments in local companies were like in Lebanon -very tolerant by ignorance and due to the fact that almost all companies were not quoted in the market and were families’ owned.

After 2001 our Auditors in Lebanon changed completely and became more and more sophisticated and asked us to be by parallel SOPHISTICATED.

The Immediate benefit was great and forced us to be more demanding first in Lebanon and by steps at places where we used to have an investment or presence at the level of a board..

The Results was immediate as Irregularities emerged and found ourselves for many years cleaning up balance sheets...

At the same time we have been driven to recruit new generation of young university graduates, certified accountants to be able to understand and cope with our Auditors that in between became fully affiliated to an international auditing firm.

The full reshuffling of our financial basis opened the door to our European partner AGF and Allianz to acquire large percentage of our capital and started to initiate a new reporting "infini" systems, sophisticated but extremely useful.

I should say that I and my colleagues have learned a lot in this respect?

The effects were Magical at all levels, Internal and external Auditing, Risk management, underwriting and cost control ...

Today as an independent board member I will NOT address you about the content of a "INTERNAL AUDIT CHARTER" of banks, insurance companies ...You are well aware of the content.

Nor allow myself to elaborate on this subject but i do believe that we are still at the beginning of a long elaborated and more and more sophisticated process.

For additional complex requests from local and international authorities and such requests will inevitably be extended to all sectors ...

I have a strong believe that with time Golden Rules will be requested by investor's such as.

- The Audit independence in body and Mind, for the shareholders, the creditors, the government authorities, the management. Actually all stakeholders.
- Maximum of transparency from management to the auditors and consequently to the shareholders and investors.
- Avoid using as it is the case today abbreviations such as "ABCD..." where we need a dictionary to understand the meaning...
- Use as much as it is possible clarity in the texts, easy to understand in the annual reporting and prospectuses..
- One day this approach will be compulsory as recently the disclosure of products details obligation to the banks' clients.

Because of the extraordinary demands of local and international authorities and the phenomenal growth of daily manual and computer operations processed by more and more costly sophisticated software systems controlled or uncontrolled by the

companies, Board members, head of auditing, risks, compliance ...are facing the challenge of being legally involved in the process of understanding and controlling the what going on and credibility of the operations...

MORE and MORE Auditors will and should be more alert and skeptical .Yes **Scientific Skepticism** will be a must and essential

What happened with AIG in 2008 with the rating agencies, and recently with WW are examples that Scientific Skepticism will be an obligation if not an instinctive behavior.

"Scientific skepticism definition"

A scientific (or empirical) skeptic is one who questions beliefs on the basis of scientific understanding. Most scientists, being scientific skeptics, test the reliability of certain kinds of claims by subjecting them to a systematic investigation using some form of the scientific method. As a result, a number of claims are considered "pseudoscience" if they are found to improperly apply or ignore the fundamental aspects of the scientific method. Scientific skepticism may discard beliefs pertaining to things outside perceivable observation and thus outside the realm of systematic, empirical falsifiability/testability."

Finally,

Permit me to remind you of this famous citation of Thomas Jefferson 3rd. US President about democracy: "**The best remedy of the ills of democracy is more democracy**".

I believe that for people and at all levels involved in process of auditing in this growing complex world and by extrapolation one could say.

"The best remedy of the ills of Skepticism is more Skepticism"

Antoine Wakim