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Hello, it's another communication from your SIG before Christmas and I make no apologies for popping up in your INBOX again, but I will make it short.

### **The stories in the press**

Following the Wall Street fraud scandal involving Bernard Madoff, I see there are wide reports that Banks and other institutions "are readying lawyers for claims against auditors and rating agencies". Well, that's as may be, but at the end of the day every accountancy firms' PI insurance premium will go up at renewal and the costs will have to be passed on to their Clients in increased fees for years to come.

### **The problem - a forward looking view**

I think that Western Governments and others need to look at the systems in place for corporate governance, regulation and the like. Also, I would argue that the nature of auditing needs to be examined, especially in sectors that have potential critical impact on the global economy. Clearly, this must remain accountant based, but the context of an audit should be skewed into new areas, and be performed by a multi-disciplined team including professionals with additional skills biased towards the needs of the client under review.

It will need greater minds than mine to sort out the precise detail, but many of the new audit team members should be contracted in by accountancy firms as needed from the twin worlds of risk management and project management and the practitioners should have soft skills relating to all aspects of human weakness and behaviour and how people are motivated, what return they receive for their labours not only in salary packages, but in esteem and self worth and, of course the extent and quality of training in an organisation.

People are as important as figures. If we don't all do something soon at the rate things are going, the US lead Western economy of the World as we know it could be overcome by catastrophic failure!

### **Editorial Comment**

This **NEWSFLASH** is an editorial opinion, not official policy of the **IRM**. But the **IRM** is in a great position, poised at this key stage of its development to grasp a once in a lifetime opportunity to help with change for better outcomes.

I welcome constructive criticism as well as agreement – please drop me an e-mail and I will publish it in a future *NEWSLETTER* either with credit or anonymous, as you wish.

Back in the New Year. In the meantime, have a great Christmas holiday.

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