



The Accounting Podcast Series

S05E03: Pat McLay

Transcript

Some reflections on the audit, accounting, and consultancy industry

A: Albie Brooks

T: Pat McLay

Albie: Welcome to TAPS, the accounting podcast series. I'm Albie Brooks, and working with me is Abbey Treloar. Today our guest is Pat McLay. Pat completed his undergraduate degree at the University of Glasgow. Pat is a registered company auditor and member of both the Institute of Chartered Accountants of Scotland as well as Chartered Accountants Australia and New Zealand. Pat has worked across multiple large accounting and consulting firms in a diverse set of roles including head of audit, accounting advisory lead and partner. Currently, Pat is a partner at EY based here in Melbourne. Pat has strong connections to the University, having championed the Honours Internship Program, and is currently spending some time with us as part of the Executive-in-Residence Program. Let's find out more. Welcome to TAPS, Pat.

Pat: Thanks, Albie.

A: Coming right back. Now, what triggered your interest in accounting in the first place?

P: I think it was for very practical reasons. It was all about hedging my bets and trying to make sure I'd have a job when I left university. I guess I knew I wanted to do something in business, and I think an accounting qualification was a great route to business more generally as well as a route to a more structured career path after university. So it probably wasn't any more sophisticated than that when you think back to how young I was and trying to work out what to do with life, but it looked interesting and it seems to have worked out.

A: Just as an aside, did you do any accounting in school at all?

P: No, not at all.

A: Your first go at it was at university?

P: It was at university and – I'll be honest – I struggled with some of those things. I mean, the subjects at school were science, maths and English, fairly traditional old-fashioned subjects in many ways, and so doing accounting and economics and business law and systems and statistics was a little bit different, and you could certainly see the difference between those peers who'd done some of that in school and those like me who hadn't. So it was interesting, but it was quite a challenge at the same time.

A: Of course. Now, you've held various roles and performed a multitude of different accounting- and audit-related tasks. Which of those have you enjoyed most and perhaps why?

P: Crikey, that's a tough one. If I look back, lots of great moments in terms of clients and projects covering everything from every firm I've been at has been something that's been amazing and made a difference to my career in both audit and advisory. In terms of enjoyment, though, it's actually on the people side and it's what gives me the biggest kick. Yes, there's problem solving and there's technical knowledge and business

knowledge, but at the end of the day it's about helping clients and helping colleagues progress into their goals. So that's definitely – the fun stuff is when you see you've had an impact and that can be both small and big. When you hear a client or a colleague up here would reflect back that's what gives me the greatest buzz which, you know, is probably surprising. I think back to when I started, and I didn't – you know, I applied no appreciation to how important the relationship and people side of things would be in conjunction, of course, with the core content.

A: So you really enjoy spending time inside organisations, basically?

P: That's exactly it. I guess it's why I've always stayed within professional services, it's the ability to get out and work with clients. There were days I'd train with a small firm in Glasgow and then did audit and lots of advisory work at EY when I joined there once I was qualified. And that was it. The stuff you learn, the people you meet, the exposure you get to different problems and different systems. And everyone's a learning opportunity, right? That's the other big cross-section to all of this, continuous learning. So it's both on the people side as well as the content side.

A: Yeah, excellent. So just focusing on the audit profession for a moment, what do you think are some of the challenges currently facing the audit profession?

P: Yeah, there's a few challenges there. I guess the profession's always changing and I guess that sort of drives a lot of it, but something that creates both challenges and opportunities. And although I don't sign audits these days I'm still part of the overall assurance practice at EY, so our advisory work is still very tied to audit and compliance, whether it's from EY's perspective or the client's perspective, so regulation is always a challenge. There's lots of different regulations that we need to deal with and our clients need to deal with, so navigating those.

And they are changing, so that's always a challenge but, you know, it's an essential feature of society and we've got a great role there in terms of helping our clients respond to that as well as being a voice in the profession. No apologies for it, but again, every time we sit down to do business planning every year and look at where things are going to go and what's going to stop us getting there, we always come back to people, right? So it's how do we attract and retain and motivate and reward enough of the right people at the right time? That's the perennial challenge for our profession, not just audit, right? We've all got a responsibility to talk about it. What's cool about it, what's fun, what our value proposition is, and then listen to the feedback, because if we don't do that then the people aren't going to be here, right?

A: Now, look, the larger consulting firms have found themselves in the news in recent months not exactly for good reasons. Where to now for the profession and the large consulting firms? And, you know, what are some of the lessons out of recent months?

P: Yeah, you're right, Albie. I mean, there has been a lot of scrutiny at different levels, especially both federal and state government very interested in a range of matters from ethics to working hours. Look, whilst these can be uncomfortable subject matters on occasion, they're critical areas that we've got to face into and we've got to make these better continuously. EY, we're committed to this. We've got to engage in these discussions and help shape the profession for the future, listen to the feedback, listen to the points of views, listen to the evidence presented, and then deal with it. In terms of lessons learned, I think we've seen – the big one, obviously, we've seen is a very timely reminder of the importance of ethics and professional responsibilities.

And I think, not just in our profession but everywhere we turn, that this is this is an increasing subject matter in business and in society. We look at artificial intelligence, ChatGPT – ethical use of technology is a bigger and bigger issue and related to that is privacy. So ethics underpins everything we do within professional accounting and, indeed, the whole profession. And we've seen how the acts of in reality a very small number of people within one firm have affected the vast majority of the good people in that firm and, indeed, the profession for all of us in business in academia and research, because we're all accountants and business professionals and we take it seriously. But we've just got to lean into these, listen to the feedback, appreciate the evidence, and make it better.

A: Yeah, definitely. Now, you mentioned AI, artificial intelligence. I know you have an interest in that. What do you see as the big issues confronting the profession with respect to AI? We've mentioned it with respect to ethics; what else do you think?

P: Yes, I absolutely do have an interest in it, Albie. I think everyone needs to. Technology is a part of personal life and business life, and AI has been around for some time now. When you see tools like ChatGPT get launched, it shines a whole new light on these things. In terms of where it ends up, who knows, right? But I think we can see the benefits in these technologies in terms of taking tasks out of certain things we're doing today and streamlining a range of activities. So business is definitely still wrestling with it. I think I saw a report from the HR Institute yesterday morning and I think the headline was, "Three out of four businesses are considering or have banned the use of ChatGPT and similar in business". That's an amazing headline, right?

I think it does reflect the range of uncertainty. I think people see the opportunity but are still wrestling with it, and the rules and experience are changing by the day. But I think we will embrace these issues around ethics, privacy, copyright. These are real issues I think we're all still working out – I certainly am – how we deal with them, but I think we will. You start to maybe not use the open versions of these tools and have versions that are contained within large organisations' perimeters, that starts to deal with some of the headline issues, I think. You can see a route through it. But my advice is be aware, keep reading, talk about it, use it personally and sensitively and proceed with caution. But I think it's exciting as well.

A: Yeah. So in a large consulting firm, are most employees and managers and partners expected to – does the organisation provide their development in this area? Is it up to the individual, is it up to the particular teams or groups to enhance their understanding? How does it work within a large consulting firm, something like AI?

P: Yeah, good question. There's probably updates every week on this, so that gives you a sense as to how quickly things are moving and how much we're learning. We got an update to use guidance yesterday as well, actually, so I had two notable AI data points in my inbox yesterday. The firm has principles. There's a range of guidance documents as well. The principles document is really important because that sets the headline parameters for all of us and it's not a long document, so it's well contained and really important. That's where to start and that's where we point all our people. But then we also have we have a range of tools in terms of how we go to market to support us in our client discussions generally and specifically.

We have a champion network of specialists in this area across all service lines and so we know who to contact when we have a question. We have some really good courses, EY courses as well as third-party content as well. A couple of weeks ago I did three 30-minute courses, so these are good compact courses. One on ethics, one in principles and one on where to start with generative AI. We're in a very fortunate position within a large organisation like EY where we have these tools readily available to us. And then more informally, I just talk about it with my teams. We'll do drop-in sessions, lunch and learns – again, very much keeping it about sharing personal use, because the business use is probably still a bit early yet in many ways, but using it for personal things is still a great way to learn the technology and talk about the issues. So that's probably the main things we're doing at the moment, Albie.

A: Yeah, that's excellent. Probably connected to this, thinking about the education of the future accountants, if you like, the profession, do you have any insights as to how we might improve the education of accountants and advisors to meet the needs of industry going forward?

P: Yeah, sure. I think probably the first one is partly why I'm here today and then this week at the university. It's about increasing those touch points and having better communication between stakeholders, right? And that's business and employers, that's students, it's researchers, it's the university, right? There's a number of stakeholders here. So I think it's important we get beyond the traditional touch points of getting close to graduation and talking about graduate programs, right? But notwithstanding some of the technology changes, there's still going to be a shortage of accountants, auditors, finance and business professionals, I think, in the future.

Some of the tasks may change, but the jobs and the opportunities will still be there, and we've see that time and time again over my career. I think in terms of today's students, yes, it's a technical content, but it's also thinking about the softer skills. It's building relationships, it's problem-solving, it's execution, the ability to get things done, right? So some of those things. And another big one as well is you pick these skills up as well as the content at university, hopefully, but it's continuous learning, right? I think that's the one thing that's kept me in my job, the learning opportunities. We can all learn in different ways, but I think learning about yourself, knowing yourself and how you learn and progress is the other big skill for successful accounting, audit, consulting professional.

A: In some ways you've rolled into the next thing I was going to talk to you about specifically, which is – so, the current student. If we turn to the current student, apart from those couple of things you just mentioned, what advice would you have for any student looking to a career in accounting, audit and/or consulting? We know they all end up sort of locked in together, but what would you say to the current student – which I guess you're having the opportunity of doing in the last week and the next week, as well, while on campus?

P: Yes, it's some of those things, but there's no shortage of gateways to your career, whatever you want that to be, which I touched on right at the start. And that's why I got into this game in the first place. I think it's very rare for things to get closed down and, yes, you can specialise in different paths, but there's always an opportunity. So when you think a door may have closed, I think it's back to that learning point. Focus on the learning experience and look for a reason to say yes to the opportunities that come across your desk, right? They won't always be right things, but I think try and find it easy to say, “Look, isn't that interesting, isn't that fascinating, what's the angle there, where could that take me?” That's probably held me in quite good stead, and I think it still applies today.

I've never been terribly good at career planning. I've had various points like when I was leaving university I struggled to get a job. I had interviews with all the major firms at the time but I wasn't very good at communicating. I was a bit shy and nervous, and I flunked all the interviews, right? So I struggled to get a job, but again it worked out for the best. I ended up at a really small firm. My learning experience was different, but I moved on, found different routes into different opportunities, and I've had an amazing career, worked with some amazing people and learned a lot of really cool things. It's taken me to interesting places, today being a case in point here, talking to you and spending time with your colleagues in the department. It's brilliant.

A: Yeah, it's fantastic. Great advice. Look, it's been a pleasure, Pat. Thanks for joining us here at TAPS, Pat. Really appreciate your insights and advice, and the way in which you've conveyed and communicated the state of the profession is just fantastic. It's been a lot of fun, and we wish you well in your current and future endeavours. In the immediate short term, continue to enjoy your stay here at Melbourne. Thank you.

P: Thanks, Albie. My pleasure.