Automating audit: The evolving role of auditors

It is not that audit is changing but that it is doing so at an exceptional pace. And it will continue to evolve in order to meet the future needs of clients whose business environments are changing at an even faster pace. Auditors need to invest in understanding the value of new technologies and the skillsets now needed to deliver a new generation of audit: smarter, more digitized, and that will be able to create a better audit experience for the clients.
A combination of multiple technologies is enabling organizations to improve efficiency, create new revenue streams, and reduce risks. The fourth industrial revolution (Industry 4.0) is being led by the speed in which information technology-driven change is happening, and has led to technological disruption in the marketplace through interconnection, real-time data and automation. Transformation today is not only about investing in new technologies to improve efficiency and productivity, but also about transforming the way our businesses work.

The audit and assurance landscape is at the heart of this distinctive transformation. The global megatrends we are facing, such as artificial intelligence and transformation, are playing into a future in which auditors are more focused on the broader value of their roles.

Some of the technological advancements of leading companies include the implementation of robotics to increase operational efficiency—which resulted in shortened training for workers; the deployment of virtual reality technology to improve in-store training and effectively simulate customer environments; and using collaborative robots, or “co-bots,” that work side by side with workers in factories to improve efficiency.

The seven technologies that are radically changing the audit profession are:

- Robotic Process Automation – a robot that executes repetitive tasks based on a computer script.
- Cloud Computing – remote servers that store data and software.
- Natural Language Generation – writes text based on structured data according to defined parameters.
- Intelligent Content Recognition – understanding a string of handwritten or typed characters and transform it into data.
- Intelligent chatbot (Intelligent Virtual Assistants) – a group of systems that can reach to oral or written text according to a pre-defined decision tree.
- Predictive modeling – a process that relies on data mining and probability algorithms to predict events.
- Blockchain – a technology that allows information storage and transmission in a transparent and secure way without central control.

Leading companies increasingly recognize that these technologies are most effective when they complement humans and not replace them.

Shaping the audit of the future

Some of the above-mentioned, leading edge technologies are already in the active stage of implementation to support the audit process. These include:

- Drones – footage analysis to support audit judgement;
- Artificial Intelligence/cognitive – automation of low risk standardized tasks to ensure more focused audit testing, meaningful insights into potential risks, trends, and anomalies;
- Data parser – complex data transformation and enhanced data management capability;
- Robotics – process automation for removal of repetitive tasks to focus more time on key areas;
- Chatbot – data repository allowing timely responses to audit questions;
- Open banking API – substantive testing automation to focus on risk areas and link GL transactions to bank accounts;
- Blockchain – greater ease of transaction verification will drive improved efficiency and whole population testing to identify anomalies.
With all the disruptors and technological advancements happening in the market, and with more demand from the clients, increased regulatory scrutiny, and higher expectations from other stakeholders, it is critical for auditors to be agile and client-focused. The situation warrants that great attention be given to technologies that are tailored, insightful, and drive a standardized and consistent audit where appropriate, while retaining absolute focus on quality that can be trusted by both, the client and the market. By building more standardization into how they operate, auditors can then focus on those areas most valuable to clients and those that matter most for the audit. Continual investment in upskilling practitioners is necessary to use these new technologies and drive the evolution of the audit practice, lead the profession and shape the audit of the future.

**Future audit leaders**

The focus for audit leaders will be to work towards the alignment of advanced technologies and building unique technical skills including data visualization, deep analytical skills, trendsetting, and most importantly, to believe in the bigger tools powered by innovative technologies to deliver value and address audit risk.

As regards behavioral talent, being able to influence others and communicating clearly and assertively are key skills that will play an important role in building strategic decision-making leaders.

This does not mean that future audit leaders will have to utilize technology in everything. They need to apply the correct mindset to rely on technologies and challenge the norm. This will play a massive role in building an innovative ecosystem, and having visionary leaders.

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Auditors should understand past transactions, assess the data and understand the impact on the future of the business as well as how this impacts audit risk. By leveraging available technologies, the ability to have an understanding and oversight on an entire population of transactions would be easier and provide more meaningful analysis. These enhancements in the audit approach will allow for the identification of those transactions with audit interest, which will then provide a basis for a focused audit strategy to design the audit procedures that would not only address the risks, but at the same time result in valuable business insights. The way of auditing is changing and those who are ready to embrace these exciting changes will enhance the quality of the audit evidence and insights to stakeholders.

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