

DIGITAL AUTOMATION IMPACT ON AUDIT

INTRODUCTION

Traditionally, Auditing had been perceived as a meticulous examination of financial statements to provide an opinion on True and Fairness of presentation of financial position and performance of an entity. Of late, businesses as well as past definition of auditing, both are going through a significant transformation. We are witnessing a huge digital revolution and our profession as chartered accountants does not remain untouched.

While businesses have become more complex and global, the accounting equally has transitioned into unimaginable dimensions. Real time financial statements come out of the ERP system with click of a button and available every minute on the dash boards of CEO and CFOs. Meaning of Auditing has also diversified. Auditors are walking a tight rope in order to not only provide assurance to the management, but also to the regulators and other stakeholders – and somewhat real time. This, my friends, is a time when digital automation, if not embraced by the auditing community, expectation gaps will keep on increasing between what they do and when is perceived to be done in present age.

Let us look at some of the advantages and challenges in profession for the auditors, especially when they are using automation tools during performing their task.

- With data analytical tools, the auditors should be able to look at lengthy data with a different eye, with professional sceptic approach. Doing audit of a large

bank, with centralised ERP system, the balance sheet is ready by the evening – at least the first draft and your team may start audit procedures.

- Audit software helps auditors to manage, organise and maintain audit work papers and audit evidence, which are crucial to demonstrate that the audit procedures were carried out as required by the Standards on Auditing. Want to send confirmation letters, the applications are there, to manage, sort out and deliver within minutes.
- Accuracy and reliability of data being audited is considered as the most important aspect and in digital era, this becomes an advantage position for an auditor. Of course, you will carry out testing of IT system as well, but at least the data is available immediately. With block chain techniques you may have reliance on the data, once your basic control testing provides satisfactory results.
- Managing and monitoring time has become easier for the auditors to understand work being done by the audit team through various digital applications and dashboards. You don't need to always visit the client for a small audit discussion meeting and get onto a virtual call and understand the situation.
- With advance technologies, the auditors are able to increase efficiency significantly, for example using bots and drones in physical verifications of large items.
- Digital transformation helps the auditors to know

about latest regulations on their screens without spending much time for searching information. You want to know about latest auditing standards, or what change is proposed in new IFRS, just log on, and you have desired inputs.

- Synchronisation between various locations and teams across boundaries are now no more tedious task, almost all the auditors are using various techniques. Your auditee has operations in various countries, no worries. Different audit teams will be putting up their updates on your audit software and latest updates are always with you.

AND CHALLENGES INCLUDE

- Training is something which requires time and efforts. While you might have hired best auditing mind, but if they don't know how to enter and get data from an ERP system, it will be a struggle. You need training in IT of course.
- Expectation gap increasing by the day. The auditors and society at large need to be on the same page, what is expected from an auditor. Remember, while they might be providing opinion on financial statements, an inherent risk of fraud remain

undetected due to nature of audit is something which remains.

- Small and medium practicing units, across the globe are facing a challenge of resource crunch. On one side, the businesses are getting complex with various new technological advancements and the other side, auditors are struggling to understand impact on accounting.
- Digital frauds are more common now and especially with Artificial intelligence being used by the fraudsters, making life difficult for auditors as well. How the system is being designed remain a mystery for the auditors.
- While large auditing firms are facing challenge that people are just following the process without application of mind, smaller firms are facing challenge of understanding digital fortress being created by the client to hide data.

Absolutely a wonderland it is. Without new digital techniques, tools and software, if you are carrying out audits, you are taking huge risk before arriving at your opinion. Better to be equipped before its too late. Train your people and yourself in new digital techniques of doing audit – it's a complex web my friend. And you have a great opportunity here to learn and earn.

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