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Garrett Wagner • Dec. 23, 2019

Recently, I had the privilege of sitting on a panel at Ensuring Success 2019. The session focused on the future of audit. I prepared for the session, listened to my fellow panelists throughout our talk, then reflected on what I had learned along the way.

It dawned upon me.

The future of audit is not futuristic theory. It is not a question of how the future of audit may change. Nor is it debating whether audits will shift from an annual

process, reviewing select transactions, into a continuous, 100 percent audit. Hearing

us in an uncomfortable position, playing the waiting game.

In a prior column, we talked about how important it is for your organization to take charge of where you are headed. Get your team engaged in taking the lead on its journey. When it comes to the future of audit, we need to practice this same philosophy.

The Future is Now

When it comes to how we perform financial statement audits and the tools we use, our progress has been the opposite of innovative over the past 30 years. The primary advancement in audit technology, if we may still call it that, was using Microsoft Word and Excel. Before Excel, we must note to our millennial readers, audits somehow were performed, and financial statements issued, without MS Office.

More recently, our industry has seen major advancements in audit technology. They harness machine learning, Artificial Intelligence, and big data analytics to drive real change into how audits are performed. The biggest takeaway from these technologies is the rate at which they evolve—and their impacts on traditional practices. Ready or not, the Era of Excel eventually will end. Artificial Intelligence (AI) and the automations offered by newer solutions can empower even small firms to do large scale audits.

Voice of the Client

On the client side, innovation and change are at our heels. As clients embrace AI and blockchain to enterprise-level impacts—both inside their companies and across their industries—we will be confronted to deliver continuous, comprehensive auditing.

Yet, despite the steady proliferation of these tools and innovations, we still wait and

If we step back and see what is going on with blockchain, AI, and machine learning, it is quite probable that accounting will be dramatically altered in our lifetimes.

As it stands, these innovations remain ahead of the standard-setting process. When and how these bodies can address these advancements remains to be seen. But we are seeing technology disrupt allied fields, like logistics and supply chain management. Our standards bodies have no choice but to get ahead of the story—before the story writes its own plot.

Current advancements are moving so quickly, they will be impossible to ignore for too long. Our own clients and stakeholders will demand their adoption; their organizations will want audits performed on their records to save money and the costs of old-fashioned audit practices. What will we tell them?

We Play How We Practice

Don't let the regulatory holding pattern prevent your firm from embracing the future of audit. In sports, coaches remind players that game day tends to go how things went that week during practice. Before these technologies overwhelm the field, you can start today by making use of them to achieve small improvements. Adopting technologies a little bit early is like that all-important week of practice before game day. Be prepared to play how you practiced.

One place to start may be the fundamentals of auditing. Taking time to actually understand the concept of a risk assessment based audit. New technology will enhance the future of audit, and auditors who have at least tinkered with the toys prior to wider adoption in the market will have the "first mover" advantage.

Past is Prologue

Repeating the past can be comforting. But we have witnessed the changing of the

your team, building confidence and opportunities for leadership.

Whatever your approach (and no matter how much longer it takes regulators), build your skills now using the technologies that are driving the future of audit. A tool is only as good as the person using it.

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