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ADVISORY

Client Experience for Today – Audit & Assurance Tools

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Randy Johnston • Jul. 31, 2021



Pundits in the profession continue to promote the thinking that audit and tax compliance are gone and that your firm needs to pick a new service line to survive. But, did you look at your firm's financial success last year? And the year before that? Most firms still make the majority of their revenue from compliance. While most small firms generate 80 % of their revenue from tax, larger firms tend to generate 40% of their revenue from tax and 40% from audit.

As pointed out in last month's column, Client Accounting and Advisory Services (CaaS) is a growing revenue source for many firms. You are certainly already doing some advisory work with your clients, although it's probably not structured or charged appropriately and not as profitable or valued as it deserves. However, non-CPAs are entering the space at an accelerating rate. Plus, automation and outsourcing are providing scale for firms that organize around these principles. As a result, CaaS is often included in the A&A division of firms.

I have the privilege of providing consulting directly to CPA firms of all sizes. During the past week, I was consulting for a CPA firm, and the managing partner said, "We need to provide audit services because it is a regulated service that only CPAs can provide, and our clients ask for it. While the number of audits required is not as high as it was because banks and others don't require them as often, we still have plenty of audits, comps, and reviews to perform and need to do them effectively and efficiently."

While most firms of 15 or fewer people have stopped providing audit services, I have heard similar sentiments about providing audit services over and over during the pandemic period. Further, remote audits eliminating fieldwork had to become the rule. Therefore, more remote work will remain in the post-pandemic period. BTW, I'm privileged to have a large client that has been performing audits using an entirely virtual office/home office team for years. We were pleased to help them make CCH Engagement work right for 100+ auditors.

During another consultation last month with a larger firm with over 400 audits, we spoke about the inefficiency of their tools, and frankly, I was appalled. While I would never disclose the identity of clients, I can leverage my learning to help other firms avoid pitfalls and help publishers improve their products for the good of all. When I have private conversations with clients, I don't pull punches and frequently get threats of lawsuits for telling the truth. However, in my public speaking, I follow the "Grandma Rule." "If you don't have something nice to say, don't say anything at all."

One of my associates, Brian Tankersley, who is the co-host of our podcast [The Technology Lab](#), frequently introduces himself as a recovering auditor. He has been both an internal and external auditor, done tax work, and supported technology as a firm's network administrator. When we review preparation, compilation, and review (PCR) engagements or audit tools, I always try to have Brian involved. For this column, I wanted to provide you some of the latest developments on software tools in this area, from trial balance to artificial intelligence in Audit.

So, What's New in Audit and Assurance Tools?

Perhaps the best thing you can do before reviewing these tools is to determine your firm's needs. Do you simply need a trial balance for tax purposes? Tallyfor may be for you. Do you only do prep, comp, and review? OnPoint PCR may be for you. Do you want to use the market-leading product for audit? CCH Engagement may be for you. Do you want a Web-Based audit tool? AdvanceFlow, CCH Axxess Engagement, or Inflo may be for you. Some comprehensive audit tools enable comps and reviews, but you'll need to do more setup work and learning to be efficient and effective.

An old rule that I've recommended to firms: if you have more than 15 audits, you need a tool for your working papers. AND it is likely to take you two years to improve your realization. We don't see any audit tool that is a "silver bullet" to improve realization and manage the end-to-end process of risk-based planning, fieldwork, preliminary financials, review & sign-off, and securely deliver final financials to the client.

First, let's clarify that there aren't as many choices in audit and assurance tools when compared to CaaS or practice management. However, almost any one of the tools listed below is an improvement over using Word, Excel, and Adobe DC to do any prep, comp, review, or audit work. Although not 100% comprehensive, this is a pretty good list of what's available today:

Top Audit Products

- Accounting For Practitioners – [Pendock Mallorn](#)
- AdvanceFlow – [Thomson Reuters](#)
- APT – [BDO](#)
- AuditFile – [AuditFile, Inc.](#)
- Checkpoint Engage – [Thomson Reuters](#)
- Dynamic Audit Solution – [AICPA](#)
- CaseWare – [CaseWare International Inc.](#)
- Inflo – [Inflo Software](#)

- MyWorkpapers – [MyWorkpapers](#)
- OnPoint PCR – [CPA.com](#)
- ORB – [RSM](#)
- SMART Practice Aids Audit Suite – [Thomson Reuters](#)
- ProSystem *fx* Engagement – [CCH, a Wolters Kluwer business](#)
- ProSystem *fx* Knowledge Coach – [CCH, A Wolters Kluwer Business](#)

Trial Balance Products

- Accounting Power – [AccountantsWorld](#)
- CaseWare Working Papers – [CaseWare International](#)
- ProSystem *fx* Trial Balance – [CCH, a Wolters Kluwer business](#)
- Tallyfor – [Tallyfor](#)
- TaxWise Trial Balance – [CCH Small Firm Services](#)
- Workpapers CS – [Thomson Reuters](#)

Other Tools for Auditors

- Active Data for Excel – [Information Active](#)
- CaseWare IDEA – [CaseWare International Inc.](#)
- Confirmation.com – [Thomson Reuters](#)
- Galvanize (formerly ACL) – [ACL Services Ltd., a Diligent brand](#)
- MindBridge Ai Auditor – [MindBridge Analytics, Inc.](#)
- RIVIO – [CPA.com](#)
- Spreadsheet Auditing Tool – [ClusterSeven](#) from MITRATECH
- TeamMate Analytics – [Wolters Kluwer](#)
- Validis – [Validis](#)
- Valid8 – [Valid8](#)

As you can see, there are tools for all kinds of audit and assurance work. The overall “containers” of working papers or binders are CCH Engagement, CaseWare, AdvanceFlow, and Inflo have continued to improve, and Inflo has made their [workpapers available for free](#). I believe all these products promote working digitally. Because of this, I agreed to speak at a recent webinar on Digital Opportunity and the need to innovate for Inflo because of their insightful innovation.

Further, the risk-based guidance used in these products has improved notably in the last 3-5 years. Advances in Checkpoint Engage, the Dynamic Audit Solution, and

KnowledgeCoach alone could merit a column each. Roughly 25 industries are covered, and each major vendor has published guidance for PCR, too.

And don't forget that Client Experience is essential for PBC documents with market leaders like [Suralink](#) and [Liscio](#) leading the way. Suralink has features such as drag and drop into CaseWare that make this solution work very well for audit-related work. Both Suralink and Liscio have exciting road maps and features delivered throughout the remainder of this year and into next year that convince me that they will capitalize on the market-leading positions. [CCH Access™ Client Collaboration Portal](#) is evolving for more capabilities for firms adopting the CCH Access Suite. The RIVIO offering is a secure way to deliver financial statements, which we have recommended since inception.

Finally, something as simple as scheduling is often complex for audit teams. Traditionally the market leader has been Excel spreadsheets or Access databases, but the leading product is [ProStaff](#). Other outstanding options are [XCMworkflow's scheduling tool](#), and my favorite high-end tool for this is [WSG Systems Corp Empire Suite RESOURCE](#). Remember that with the right practice management tool, you can complete your scheduling tasks inside your PM system, too.

Emerging Technology and Cloud in Audit

Covering current generation audit tools without noting the rapid adoption of artificial intelligence and the leverage of cloud technologies would be irresponsible. However, having the pleasure of watching smart innovation at Thomson Reuters in Checkpoint Engage, Inflo Data Analytics, MindBridge Ai Auditor, and Validis has made this old programmer's heart feel good. You see, software should assist and leverage the skills of accountants and auditors to achieve things that might be impossible through their own efforts. Through the years, you've heard me repeatedly say that I want to spend money on hardware and software to leverage my people, who are the firm's highest cost and greatest asset.

Every tool in the "Other Tools for Auditors" category above provides very sophisticated, fairly priced capabilities to accomplish their design goals. As I mentioned, referring to the guidance earlier, each of these products could have a whole column and still not be adequately covered. However, let's note that the combination of Validis and Valid8 allows transaction-level auditing with supporting documentation without sampling. In addition, for the first time using these tools, you can go from the original transaction all the way to the general ledger in an automated fashion.

And what has made this technology possible? The cloud. Centralizing the applications and data has allowed programmers to implement artificial intelligence techniques in products like Checkpoint Engage or MindBridge Ai Auditor. While there is lots of “fake-AI” in the market, these tools have real AI working. The products are becoming more effective all the time.

So, What Can We Do Today?

First, decide how you want to handle the audit, assurance, and accounting work that must be done in your firm. If your firm is small and needs better trial balance tools, look for tools in this category. While few are as efficient as the old Accountant’s Trial Balance (ATB) product was, Tallyfor is certainly close to that efficiency and is easier to boot! Consider tools that will drive effectiveness and efficiency in your specialty audit areas if your firm is large.

Regardless of your firm’s size, make sure that you think about how the current technology works, implement it properly, and teach your team members how to use the tools. From a fundamental setup perspective, I can’t tell you how many hundreds of firms I’ve been in where CCH Engagement binders, CaseWare working papers, and AdvanceFlow (as well as Engagement CS before that) structures have been set up incorrectly.

Auditors and accounting professionals are muddling through the issues, doing the best they can. They do not know what they do not know and think their use of the product and process is ideal. I want to find and have a heart to heart with implementors who didn’t do a thorough job of teaching the auditors, didn’t identify the incorrect setup, or worst of all, didn’t know better themselves.

Yes, I understand it is hard to manage an audit team profitably with all the regulations and fee pressures in the market. But audit can and should be one of the most valuable services you can provide to a client. A good auditor can find many things that need to be exposed in a business. And while audit engagements are not forensic or fraud detection engagements, the auditor, often uncovers fraud during routine procedures.

Unfortunately, I believe we will see more fraud commitment in these next years than we have seen for a long time. It is hard enough for our clients to earn the money, let alone have it stolen out the back door. So likewise, fraud and forensics deserve completely separate coverage from this column.

It would be best if you contemplated your practice offerings. Where do audit, tax, and CaaS fit? Are you doing your best job to help clients be successful? Are you making the client experience with your firm convenient and seamless? You must know what your offerings should be, how to profitably price them, market the service, and complete the service in a timely fashion.

As part of creating, sustaining, and scaling each offering, you also must pick technology tools to support those efforts. Use the whole-of-client advisory approach to build a practice and relationships that can last for decades and generations and help your client choose the services you provide. For other services, act as a concierge and refer clients to reputable providers, which you may have to do in areas like forensics. You may be forced to refer other firms for audit work if you provide CaaS services, and you should do that referral thoughtfully.

For audit, I want you to maintain your independence fiercely. Independence, honesty, and integrity are three attributes I continue to admire in the CPA profession. It is hard to find these three attributes and resolute ethics in many other places. And always look for ways to create the very best client experience!

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