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# The Technology Lab Podcast – Technology Governance – July 2023

Technologists Randy Johnston and Brian Tankersley, CPA, discuss models for technology governance.

Brian Tankersley • Randy Johnston • Jul. 06, 2023



The graphic features the CPA Practice Advisor logo in red and grey, with the text 'NEW | EVERY SATURDAY' in red. The main title 'THE TECHNOLOGY LAB' is in large, bold, black letters. Below it is a black button with 'LISTEN NOW )))' in white. Two circular headshots of Randy Johnston and Brian Tankersley are shown, with the text 'Featuring Randy Johnston & Brian Tankersley' below them. A large, vintage-style microphone is on the right side of the graphic.

Technologists Randy Johnston and Brian Tankersley, CPA, discuss models for technology governance.

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## Podcast Transcript

(Add apx 10 seconds to time stamps due to intro.)

### SPEAKERS

Brian F. Tankersley, CPA.CITP, CGMA, Randy Johnston

#### **Randy Johnston** 00:00

Good day Welcome to Technology Lab. I'm Randy Johnston with my co host, Brian Tankersley. Today we'd like to talk about technology governance. So as I'm doing this zoom, zoom, what was that? Brian? Was that your BS? No, no, wait a minute, that was probably a formula f1 racer going by so fast, we could hardly even nisi it.

#### **Brian F. Tankersley, CPA.CITP, CGMA** 00:26

It must have been I'm not sure exactly what it was. But you know, with with Zoom, you just never know what they're going to what new capabilities they're going to put in into it?

#### **Randy Johnston** 00:34

Well, it turns out that, you know, I know you're a big Formula One racing fan. And, you know, I actually watched the Indianapolis 500. And Monaco this year, just for a little entertainment. I hadn't done that in a while. But I did enjoy it. But you know, as I'm thinking about that, technology is changing super fast. And today's session on technology governance really got a kind of a boost in my mind. Because someone that I've known for quite a few years, Mark Edmondson who is the CEO in flow, produced a white paper called The audit technology ecosystem, the audit technology ecosystem. And what we thought it was fascinating about this particular 14 page white paper is I think it gave us the right framework for not only supporting audit tools, but maybe technology in general. Now, our listeners who know me, well, and you know me on this, I love models that help us understand things, I developed models starting in the 70s. And I've done major models in most years, like my accounting software pyramid, or the five component model of computing, or the one

that you and I spent so much time on the emerging technology model, and so forth. We've done one for advisory, we've done tech stacks, you I love models, you come along for the ride, you helped me create the models, though. And I think this is an interesting model for technology governance. So I think with that in mind, when I'd like to talk a little bit about this whole thing, because change is happening so fast. You think that an A formula f1 racer would be slow?

**Brian F. Tankersley, CPA.CITP, CGMA** 02:21

It is it is absolutely going wide open. And I think that the whole audit space is going to be complete almost unrecognizable five years from now.

**Randy Johnston** 02:32

Yeah. And you know, when you start thinking about audit, we do have another technology lab on the data driven audit, and what's going to happen with, you know, those types of things, particularly with das and so forth. But that's actually part of the content of this session is how do we get to data driven audits? Also, how do we support quality of audit, I mean, there's so much going on plus, platforming is changing radically. Pretty much everybody is releasing a new platform. And there's additional new platforms. We have another technology lab on audit site, for example. But we've talked about the new accessing engagement from cch the new Daz support for CaseWare cloud, the inflow product, the audit minor product EMA, I have trouble keeping track of others so many.

**Brian F. Tankersley, CPA.CITP, CGMA** 03:29

Yeah, the single the single portal products, I mean, there's just a crazy amount of changes here. So what what I want everybody to know is that I think the White Paper more than anything really goes through it has some evaluation of different the different technologies that you do. So when I saw this white paper, I was excited because it looked like a framework that a technology partner or a technology committee at a firm could could could go through and look at and use to evaluate any kind of software. So there's actually a spreadsheet called the audit ecosystem, current state evaluation workbook, that that info hat and I'm glad to share with you and I know Mark, Mark Edmondson, the CEO of inflow would be glad for me to share it with you too. The The thing about this is that there are a lot of new choices. And you you need to be thinking about where you want to go and the kinds of things that kinds of changes that you might want to want to make to your workflows into your processes. And at the same time, you know, the push to move to cloud I think is is

accelerating, just because so many firms are using either outsourcing or, or employees that don't come into the office very often. That work at least hybrid, if not completely remote. So I guess what I would say is that with all the time ain't just taking place, you may not have to pick, you may not have to make a choice to change. Your vendor may make that choice for you, or your your staffing and the labor market may make that choice for you and force you into a situation where we're a traditional pre y2k On Premises solution is just not possible for you anymore. So it's a I think we've got to deal with the world as it is not as we wish it would be. And unfortunately, the cloud offerings are not coming out at the pace we'd hoped they would. From, from everybody else.

**Randy Johnston** 05:41

Yeah. So that being said, Brian, again, we have lots of sessions on lots of topics. But I think we might drive a little bit of this with the, you know, audit consideration. And let's keep it also simple, because prep company review actually comes along with this. And there is a lot of data extraction, data ingestion, but you know, one of the things I have admired the end inflow from the start was their core technology, workpaper. And for a while, they were giving away the workpaper product at no charge, which I thought was a fascinating marketing strategy. But in terms of the, you know, items that are of consideration, again, thinking, technology governance here, how do we select in transition into these new environment environments? And how do we control it? And how do we manage the change? How do we train people and so forth? are all topics of core mindset for me?

**Brian F. Tankersley, CPA.CITP, CGMA** 06:43

Yeah, I think the, I think the thing that, that we really have to have to know is that with these changes happening, you're gonna have to learn as much or more than the staff are gonna have to learn. So even though the staff are gonna be using this stuff every day, you're gonna have to change thinking that you've had since you joined the profession, you know, in my case, 30 years ago. And so, it is a truly different world now. And you can get, you know, but we also have to be very sensitive to the privacy aspects of this. Okay, you've, you've heard us talk about chat GPT in the past, and one of the places where it is an absolute minefield is privacy. So I saw somebody at the AICPA engage conference, say, you know, show how to use chat GPT, to create a CSV from a bank statement from a bank that didn't have that didn't have a direct download available. And I was looking at it, I was absolutely horrified from a privacy perspective, just because we, you know, check, you know, open AI foundation now

can use all that data to train its model further. So I think we have to, I think we, we want to be able to get all the data. But once we get that data, we have to remember that we're responsible for it. And that we, we need to put it into only trustworthy platforms, as opposed to just trying to try out everything new that comes along. You know, Intuit actually made some announcements about I think it was, I think it was the announcements were about QuickBooks Online, and some of the AI models that were in there. And they were very careful in that announcement to announce that they were using, they're using technology that was a internal AI model, as opposed to somebody else's AI that would be subject to the privacy policies of that other of that other organization. But marks white paper. You know, the thing about it is that it, it goes through and talks about, it talks about, again, some of the key principles, you know, that you have, and some of your key objectives that you want to get data driven is a concept that we'll talk about in a future technology lab. We need to look at, not only is it currently effective and efficient, but also how suitable is it going to be in five years? And in five years, I'll contend to you that that the audit, I think it's going to be almost unrecognizable compared to what we're doing today, I think there's going to be much more automation and, and many more many more services that we're using quite differently than we have in the past. You know, I could easily see using, for example, the validate the AI ID number eight product to ingest all the bank statements from a client and then comparing that to the general ledger for the cash accounts, and seeing where the differences lie. Because again, that's where that's where the problems are in a lot of cases. So tests like that, that would have required 1000s of hours on big clients in the past, now can be done on a largely automatic basis by sought by solutions and Did you know they can go ahead and do all the statistical profiling of the population of items and they can, they can sub profile those things by the vendors and the, you know, the payment amounts and all kinds of things, so that they can then have a, you know, identify what really is weird in this data set without a human necessarily having to do it.

## **Randy Johnston** 10:24

Yeah, I have talked about continuous audit for quite some time, we knew the day would come and we think it's very close. Yeah, you know, on that particular thing. So I am really convinced now, that data driven audits will also help with quality audit issues along the way. And you know, I'm very fascinated by how this go gonna play out. But you know, from the governance perspective, they named key principles inside the document. And I thought those were fascinating too, because, in effect, they have named drivers. And those are contained in the spreadsheet. So things like cloud first or API centric. Now, when a vendor creates these type of things,

sometimes you have to question Is it driving it to their advantage? Is that why it's done that way? But, you know, are they cloud native? Are they data driven? Is their workflow, what's the client impact under key principles? And I'm thinking about using these types of things as a structure in general for your technology decisions. And then they asked the question about suitability, including an efficiency, effectiveness, and what the vision is of the product in five years from now. And then the change, including change priority rankings, the target dates and change plan, and possible solutions in the marketplace. Now here in the technology lab, Brian and I have spent, you know, quite a number of sessions talking about technologies, he obviously just named validate, we have another one on valid dis. And we've talked about inflow in the past and so forth. Our goal here is to always call out interesting products that have interesting application. But our rule is not to tell you do it this way. Do it that way. It's to make you aware of the options and help you build your own future vision. And if I could get you to think about where you want your technology to be in your firm, from a practice management and audit tool, a text tool, a document tool, a workflow tool, an accounting cast stack tool, etc. That's what this session is really about.

**Brian F. Tankersley, CPA.CITP, CGMA** 12:47

Yeah, and I think I think the thing about it is that there are a lot of tools we have that are very long in the tooth, you know, Intuit, QuickBooks Desktop is, you know, come on. That's, that's a tool that all that all of us loved at one point. And is, is just becoming more and more dated every time I see it.

**Randy Johnston** 13:12

Yeah, I understand that. In fact, I'm just thinking about the timing, I'm not gonna go through the history, but I think into it's trying to drive people off of that platform with increased in increases in prices, which, you know, were announced in June. But it also turns out there you increased QBO pricing as well, with the intent, you know, I think, to just generate more revenue from the online platform. But, you know, let's pick on something that's maybe a little more esoteric, but everybody has to use fixed assets. Right? Almost every fixed asset product that I can think of, is well, older than some of our listeners,

**Brian F. Tankersley, CPA.CITP, CGMA** 13:54

older than a lot of dirt too, you know, the portal was another thing where I think the the lack of siloing you know, PPC tracking things where you requested things from

people and then got put in there, you know, those those first appeared only about six or seven years ago. And now they're table stakes reading counter portal. And we're seeing, we're seeing new features come in, we're like mobile apps with with liscio. And we're seeing more sophisticated PPC tracking tools where you can have multiple client personnel on them like ShareLink does. And you know, then you you could look at what some of the safes and technologies are that are in there and, and, you know, e signature integration, there are just a lot of things like that a lot of moving parts that are moving around. And I think we really need to think you really need to sit down and kind of assess the state of your technology, because I think doing nothing, which is what a lot of us have done for 15 years. Doing nothing is good. going to be no longer an option in five years. Okay.

**Randy Johnston** 15:04

And a few of my favorite questions recently, Brian have been insightful. Because I've had managing leading partners ask questions like, if this was your firm, what would you do? That's an interesting question. But the next more interesting question is, assume we have no technology, and we're a startup firm. What would you choose for our firm based on our culture? That's an interesting question. And then my third favorite question is, how can we learn about these products? Because it seems like what we're being told from the reps, and the websites don't align with what you seem to know about them? Can we get the tutorial of the product before we purchase it to see how it works? You know, that's an interesting question that you could ask your reps on a potential changes, can you give me access to the tutorials, because I'd like to see how it works. And I would even suggest it, it's okay to sign nondisclosure pieces to be able to see that for your firm, because the depth of the training could really give you an idea of what the product does much more than a conversation about the product.

**Brian F. Tankersley, CPA.CITP, CGMA** 16:17

Well, and honestly, NDAs may not even be necessary, in many cases, like with the Thomson on vo product, when you accept their terms to to get access to the product, you actually agree to not disclose it to anybody else. And so, so there are a net suites like that, and more and more products are starting to be like that, which is very frustrating to me, as somebody that's trying to communicate how the products actually work, I don't want to be in violation of one of those agreements, for telling you my truth about what's happened, what I see happening inside the application, but that's the world we live in.

**Randy Johnston** 16:55

So interesting insight there, Brian, because, you know, a lot of practitioners are trying to search for videos, and let's just say YouTube, video channels of health stuff works. And part of the issue is when that happens is those may not be vendor authorized, which is fine. But the issue is, it may not be accurate or factual. So I'm amazed how many people look for tips, tools, methodology, thinking that, you know, Google search is the way to all knowledge. And I'm amazed at the fragmentation of that knowledge.

**Brian F. Tankersley, CPA.CITP, CGMA** 17:31

And as an example, you know, some people, you know, one of the things in document management systems, is that many times people will say that we can automatically file the tax returns when they come out of any tax software, well, if they don't have favorite, most favored nation status with the tax software publisher, what they're having to do is create an auto file, you know, an automatic file name that's generated, when that happens, and then run a piece of software to ingest that data off the file name, and then use that to pull it in. Okay, so it is a workaround in the extreme and, and, you know, you it's, it's arguable as to whether or not that's a, that's an integration in my mind, but it is a it is a process that if you do it that way, it will work. Okay, so I want to so you kind of need to understand, because that's what I'm talking about here, when we're talking about doing due diligence on these things, you kind of have to dig down into the training materials to see what it takes to make some of these things happen. Because you may find out that there are things that you have to do that you don't want to do.

**Randy Johnston** 18:39

Yeah, well, you know, as I'm just thinking about this, I know that, you know, audit technology ecosystems, you know, have to have integration and efficiency and security and quality control and be future proofed. And when you started looking at the core technologies of work papers, and trial balance and client collaboration and data ingestion, the analytics that might be needed, you know, budgeting and resource planning, as well as the Time and Billing and confirmations and signatures. I mean, I'm just kind of spouting those off. But those are all real core technologies. And then there's still other things to consider, you know, disclosures and onboarding and PDF conversion and banking and reporting, and so forth. There's lots of things to think about. So it was clear, when we saw the production of this particular white paper on the audit technology system, that I thought it was wise of us to chat with



our listeners about the, you know, audit technology and in really technology governance in general. So,

**Brian F. Tankersley, CPA.CITP, CGMA 19:56**

and what I think what I like about Mark's approach All that he takes in here is that he goes in and breaks down and lists some of the key solutions, including solutions that compete with with his own product. You know, we got to remember when we're, every every time we're looking at this, we have to remember, this is a sales white paper, okay? But they list out all the categories. And like said it, it almost seems like the kind of consultation I might have if I was leading a CPA firm tech committee retreat, and we were trying to look at the systems they're using and figure out where they need to go. But the hard part about what's going on now is, like I mentioned in the AICPA engage session, we recorded previous tech lab, a lot of the innovation is coming from a people other than the traditional suite vendors. And there are new suites being created, and products being combined at iris and other places. And, you know, again, transitions happening like the QuickBooks Desktop transition, where they're trying frantically to push you into online and other things like that. So it's, it's interesting times, and I think it's important that you go make this kind of structured evaluation of the things you have, and ask yourself, Is this going to be usable in five years? Because I think the world is going to change radically with generative AI, it's going to change radically toward cloud favor cloud based tools. And if you don't have a plan that is workable for you, I think in five years, you're going to be in some very, very serious trouble.

**Randy Johnston 21:42**

Yep. So you know, I think that's actually a pretty good summary of the technology governance. Now, just as a reminder, we do have a separate Technology Lab on audit technology trends and on practice management trends. So we just wanted to make you aware of the framework, which we wanted to also give credit to the inflow folks because their white paper is dominantly, about audit technologies, but the framework for tech governance was pretty fascinating. And we can probably go on and on but it looks like we've about overstayed our welcome with our listeners. So Brian, I'm going to call this in a wrap. And we appreciate all of you being with us today. And we'll see you on another technology lab. Good day.

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