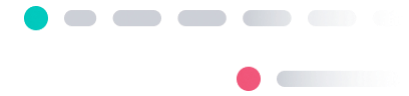datasnipper

The Voice of the Auditor

Audit Expert Report **2023**

The spotlight on challenges in Audit Transformation
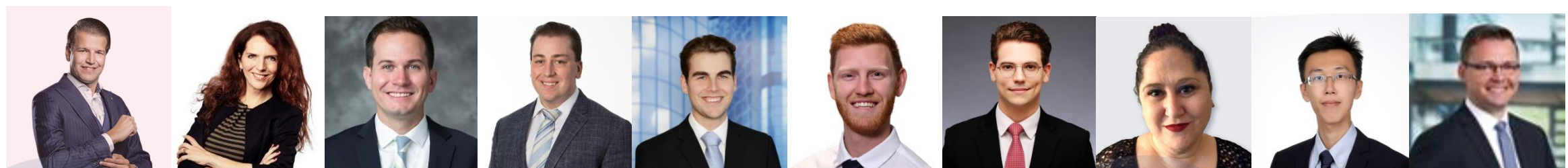
The Voice of the Auditor

Auditing is subject to constant change, regulation, and tech innovations. For example, increased audit complexity, remote working, digitalization, and the ongoing push for better audit quality and efficiency are drivers for firms to change the way they operate.

Helping more than 500.000 auditors across the globe, DataSnipper learned that the invaluable knowledge within the auditing community is vast. To bring this knowledge to light, DataSnipper asked audit experts across the globe about their main challenges in audit transformation.

The Voice of the Auditor report is an inspiration and must-read for every audit firm that wants to transform their audit procedures through innovation and technology. This report is written for audit leaders across the globe.

Acknowledgements

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Overview

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Challenge I: Audit tool spray

Typically, audit firms have 30-50 audit tools in place. This overwhelming number leads to tool fatigue making adopting and learning these tools more exhausting than productive. Most importantly, new automation tools will never deliver value if they're not implemented correctly. Auditors require the necessary mindset, skills, and regular training to benefit from these tools on a day-to-day basis.

"The number of audit enhancing technology tools has grown significantly over the past couple of years. At a first glance, many tools like flashy and helpful. However, as audit transformation leaders, we need to identify use cases of how they can be consistently used across several industries, clients, and service lines.".
Brandon, Mazars USA

Next to audit tools available in the market, audit firms also develop their own solutions. This comes with a multitude of issues. Small firms don't have enough resources to develop a fully-functioning solution. While many large firms don't have the infrastructure needed to drive true innovation and change.

"By using automation, work became more comfortable for young newcomers, but also for experienced employees, allowing them to dedicate the necessary time to the customers.".
Florian, Baker Tilly Germany

Today, advanced firms have third-party tools and procedures in place to, for example, automate Test of Detail procedures with intelligent document matching. However, most of these solutions are complex, buggy, or lack user-friendly interfaces, which decreases overall adoption rates.

The need for audit digitization and the pressure to use the right tools has become increasingly important. As storing audit evidence in a structured way, automating sampling and detailed audit tests, and client communication are necessities, the expectation for firms to use the latest tech is higher than ever.

"Subsequent lockdowns and work-from-home measures severely impacted one of the most fundamental aspects of an audit, communication with the client and collaboration within the audit team. Advancements and implementation of technology have significantly helped in bridging the gap.".
Nathan, Pitcher Partners Australia

Ensure new tools are user-friendly, simple to master, and integrate well with current audit solutions to eliminate data silos and increase overall firm-client collaboration.

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Challenge II: Repetitive audit tasks

Almost every auditor conducts repetitive audit tasks on a weekly basis. These tasks require an unjustifiable amount of effort and focus making the potential value of eliminating them very high. Audit firms are constantly looking for new automated and standardized audit workflows that provide a flexible way of working to meet the individual needs of clients. Call it the 'standardization versus agility' paradigm.
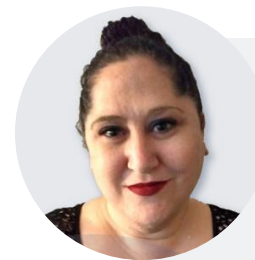
"We are always looking for ways to streamline tasks that are labor-intensive, such as matching invoices and tying together working papers. We have often heard from teams across the country that there had to be a better way to perform some of this work. As we delved into the many use cases to see where technology and automation could assist with these tasks.".
Paul, BDO Canada

To win this battle for efficiency, audit firms are either on the lookout for third-party solutions or starting internal innovation projects. Winning this battle will also make the firm more appealing to young auditors who desire improved audit quality through technology.

"Automation ultimately allows me to deliver a better audit to my clients by leveraging the analytical capabilities of these tools so that our teams can resource our time on more complex and interesting procedures.".
Amy, BDO USA

The dream of auditors? It's probably related to 'continuous auditing'. The power of continuous auditing lies in the intelligent and efficient testing of controls and risks that result in timely notification of gaps and weaknesses to allow immediate follow-up and remediation. A way of working with advanced automation with seamless and real-time integration between the client and the audit firm.

"With the deployment of technologies, gone are the days when auditors spend countless nights performing arithmetic checks on finances and flipping through voluminous documents for test of details. This translated into a great reduction in administrative overhead and enable the auditor to better focus on risk areas as well as other value-added activities.".
Lok, Mazars Singapore

Automation takes over 99% of the work, while auditors stay in control. Releasing the pressure of executing repetitive tasks, creating more valuable time for auditors to focus on what they love most — analyzing exceptions and advising clients.

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Lok Yung Hui
Audit Senior Manager
Mazars Singapore

Auditors need to constantly keep up to date with the latest market offering and be equipped with the right technologies to stay ahead of the curve and meet the rising demands of regulators and relevant stakeholders

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Challenge III: The regulatory paradigm for innovation

Audit regulations are becoming stricter. These new regulatory demands increase the workload for audit firms. This increases the need for audit quality and efficiency which forces audit firms into the challenge of adopting new ways of working driven by technology and automation. However, while the expectations of the regulators raise, the technological answer of audit firms also brings great advantages to auditors.

"One of the biggest challenges is to maintain a lean audit execution in a more complex environment due to increasing regulatory requirements.".
Florian, Baker Tilly Germany

A big challenge regarding new audit technology is the regulatory paradigm for innovation. Increasing regulations push audit firms to innovate, but at the same time, those regulations slow down firms to introduce new technology and innovate fast.

For example, (1) regulators need a high level of certainty on how technology works and operate, (2) technology needs to be able to prove every step of an audit process in a transparent way, and (3) internal quality assurance teams need to check if new technology is compliant with company policies and standards. Overall, this makes it difficult and time-consuming to develop new audit software.

"Auditors need to constantly keep up to date with the latest market offering and be equipped with the right technologies to stay ahead of the curve and meet the rising demands of regulators and relevant stakeholders.".
Lok, Mazars Singapore

Building further on the regulatory paradigm for innovation, meet Artificial Intelligence. Every day, AI continues to gain momentum. However, ML techniques are, in many cases, considered a black box approach. This means it's hard to justify the outcome of these technologies, which goes against audit regulations. Algorithms are destructive when they produce inaccurate or biased results — an inherent concern amplified by any leader who wants to be confident about their use. With this lack of confidence in AI decision-making and whether they're fair and accurate, there's reluctance to hand over decisions to machines. This is the audit AI trust gap.

"Our biggest challenge is to make auditing more fun and meaningful with the brightest minds, using modern-day techniques and meeting the high demands of the regulator.".
Joeri, Van Wezel Accountants the Netherlands

An answer to this challenge is to embrace new audit automation solutions that are designed and built around the expertise, knowledge, and professional judgment of the auditor. It helps reduce human error while testing, save time, and mitigate the effects of bottlenecks throughout the audit. Plus, overall, makes auditing exciting and fun while keeping auditors firmly in control.

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Challenge IV: Embracing technological change

The audit profession is subject to constant change. The explosion of technological advances helps auditors to increase the efficiency and quality of their audit services. However, new technology only succeeds and adds value if the technology is embraced by the entire team. Without their buy-in, technology is nothing more than an innovation show-off. In the end, innovation is not about technology, it's about changing people.

"One of the biggest challenges in audit transformation is the expected, yet uncomfortable, feeling people get from change. There is an explosion of technological advances that are helping make our jobs easier. However, each individual has a different level of comfort with adopting and adapting to new technologies. We need to be considerate of those differences in this transformation.".
Amy, BDO USA

One of the most crucial aspects of new software is ease of use. If software has the potential to ease the lives of millions, but takes ages to master, it will have zero impact. Too many audit tools are complex, hard to master, or only available for a select group of eager innovators. It's the adoption of the mass that will lead to true audit transformation.

Many audit procedures involve collaboration from the staff, managers, and partners. An audit needs to be prepared, reviewed, and communicated with the client. All in alignment with company standards, policies, and regulations.

Audit technology needs to operate in the heart of this collaboration, eliminating data and workflow silos and improving overall quality of the service. Audit software adopted across different roles and responsibilities will drive its overall success and value.

"Our profession is fast-paced and the technological developments are huge! It can sometimes be a bit overwhelming to approach all the different technologies available and learn the new software. Although there are some people at the forefront of developments (and they are doing some amazing things), there are also some who would prefer not to re-invent the wheel and are resistant to the change that technology brings.".
Justin, BDO South Africa

"To have a tool that is praised by staff, managers and partners alike is a win!".
Paul, BDO Canada

Joeri de Jong
Audit Team Lead
Van Wezel Accountant the Netherlands

Our biggest challenge is to make auditing more fun and meaningful with the brightest minds.

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Challenge V: Audit talent retention

When young auditors start their careers, they're full of excitement. At the same time, they have an overly romanticized idea about what auditing in their first years actually is. Starting as an auditor, especially in larger firms, means you start climbing a long and predefined corporate ladder. At the bottom of this ladder is lots of manual and repetitive audit work. This manual work is not challenging cognitive work. It can actually be boring sometimes. Highly talented young auditors leave firms for this or, worse, the audit profession.

> "Use technology to free up time to perform the work you trained for as a CPA.".
> Paul, Mazars USA

Technology plays a crucial role in audit talent retention. Young auditors grow up with fast-paced technological advancements. They expect to work with the latest tools and technology and are always looking for new and innovative ways to work smarter and more efficiently. The more they can eliminate repetitive tasks, the more time they have to focus on what they love most; analyzing exceptions and high-risk areas and learn from senior auditors.

> "Our junior auditors were very enthusiastic when they could automatically check hundreds of samples. It makes auditing more fun, while saving time to deliver value for our clients.".
> Joeri, Van Wezel Accountants the Netherlands

In the end, audit technology and automation increases the excitement in auditing. Technology removes the burden of repetitive and menial work, helping auditors become a better and more efficient version of themselves. Like getting bitten by a spider and waking up the next day to discover you can suddenly climb walls. It's a great feeling. Technology should give auditors superpowers.

In times where auditors work more remote, employee well-being is increasingly important. Technology reduces stress, the amount of unpaid overtime, and improves the overall retention of great talent. It's up to the audit leaders to embrace to the voice of their auditors, and act.

> "One of the most rewarding parts of my job is hearing feedback about how newly implemented software has made our clients' and colleagues' lives easier.".
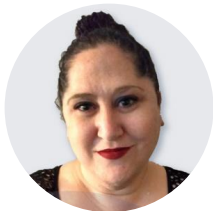> Brandon, Mazars USA

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About the Spotlight Auditors

My name is Joeri de Jong MSc. I am team lead of the audit department of Van Wezel Accountants in Holland. I am responsible for the mandatory audits of Dutch SMEs in various industries, like floriculture, aerospace, transport sector, graphic industry and wholesale.

I'm Brandon Gaul, an Audit Senior Manager at Mazars in the US. I specialize in the financial services industry, specifically insurance. I am proudly based out of our Pennsylvania office, which is located outside of Philadelphia. My client portfolio ranges from small private insurance companies to large publicly traded entities in the life and health and property and casualty insurance industries.

Greetings auditors of the future. I am a senior auditor for BDO USA and work with our government and employee benefit practices. My client portfolio includes pensions and retirement plan audits, as well as audits of school districts, municipalities and regional governments.

I'm Nathan Schoenmaker and am an auditor at Pitcher Partners based in Brisbane, Australia, having commenced as a graduate at the start of 2020. In my role as an intermediate auditor I am very much involved in the fieldwork for a range of different audits within our firm's client portfolio, from public interest entities, private proprietaries and non-for-profits across a wide range of industries. In this age of big data and automation I'm always looking for ways to improve the efficiency of my work to provide deeper value for our clients.

I am a South African aspiring Chartered Accountant (so very close to that CA(SA)). I have been doing the classic auditing of financial information for the past 3 years. Things are changing though as I have been hired by BDO South Africa as a Junior IT Audit Manager for next year where my role will be to bring efficiencies into the audit process through technology and innovation.

My name is Florian Maisch and I'm currently working as a manager in the audit & advisory department of Baker Tilly Germany — Financial Services. As my LinkedIn profile says, I am an entrepreneurial auditor who always tries to work pragmatically with my clients.

My name is Paul Vetrone and I am the Audit Transformation and Innovation Director for the Audit and Accounting practice at BDO Canada. My role is to seek out opportunities that bring technology and innovation into the audit profession and incorporate them into our workflow. In essence, I am helping to bring our practice into the 21st century by enabling teams to pair their professional knowledge with digital technologies.

Hello auditors, my name is Lok. I am currently an Audit Senior Manager in Mazars Singapore. My day-to-day work involved handling financial and IT audits of listed companies and multinational conglomerates. As part of the innovation lead, I constantly seek ways to modernise and automate the existing processes with the use of different technologies. Working in the innovation team has been rewarding as it provided me with the privilege to work on various innovation projects with my fellow colleagues, Shen Way and Yew Kong, in promoting process changes in Mazars Singapore.

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About DataSnipper

DataSnipper is on a mission to make every auditor on the world more successful and impactful.

Based in Amsterdam, DataSnipper is an intelligent audit platform within Excel that accelerates the speed and quality of your audit procedures by 10x. DataSnipper software is specialized in assisting auditors in executing tests of details, tests of controls, walkthroughs and financial statement procedures. The software's fundamental technology packed in Excel drives more than 10 audit automation features. DataSnipper helps more than 500.000 auditors across 85+ countries.

DataSnipper is a proud member of '1% for the planet', committed to giving 1% of the annual revenue directly to non-profit organizations, whose focus is to help an environmental cause.

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DataSnipper provides major efficiency improvements and is offering features that truly support our teams in delivering a high-quality audit. On top of that, DataSnipper is fun to use.
Martin Uebelmann, Deloitte Germany

DataSnipper is a product auditors love. As a launching customer it's been great to be part of this from the start. Thank you DataSnipper.
Angelique Koopmans, EY The Netherlands

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