

# Arming firms with smart technology to achieve the Auditing of the Future

## Background

The rapid evolution of technology continues to push audit firms to deliver unprecedented efficiency gains along with the highest quality audits. This movement, termed Auditing of the Future,\* is what leading firms strive to achieve — with the understanding that technology spurs quality.

Advancements in the areas of artificial intelligence, predictive analytics and automated workflow are at the center of the Auditing of the Future movement. This new culture of audit innovation is characterized by agility, visibility, control and creativity, and delivers deeper insights and greater client value.

In this new age of audit, there is a requirement for firms to stay engaged with the latest technology trends. Embracing newer, smarter innovations allows firms to overcome common audit pain points and achieve automated, streamlined efficiency — leading to greater profitability.

\*Termed by the AICPA.



## The challenges

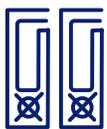
The audit process is comprised of multiple phases, making it one of the most complex services offered by firms. Key process areas that present some of the biggest challenges for firms include:



**Pre-production phase (scheduling and planning)** – This phase is one of the most chaotic and challenging for firms due to the volume of tasks and coordination effort required up front. Firms must determine what resources are needed, what skill sets are required, who will be assigned to what phase of the audit, who’s working on confirmations, who’s assigned to chase down engagement letters and so on. At this phase, firms must also evaluate project overlap to determine how best to share resources among teams and coordinate staff re-engagement to fill gaps if employees leave the firm.



**Production phase (wrap-up, report drafting, report finalization)** – After the audit has been planned and processed, the team splits up and returns to the office. At this point, visibility into the full audit process for field staff is lost. There is also no visibility among other stakeholders within the firm – including partners, scheduling staff and the operations team. The challenge then becomes: How does everyone gain visibility to answer their own questions and complete work? For example, how can partners access data to ensure the audit stays on track and within budget? How can the operations team track progress to plan for review and signoff? How can the scheduling team effectively assign staff based on capacity? Without visibility into the production phase of the audit, the budget for an audit can easily be exceeded.



**Post-production phase (binder close)** – Once the audit work is complete and released, a firm has a specific number of days to clear out the binder. Firms are challenged with hitting requirements on binder close, which is typically 45–60 days. In this time, the firm must memorialize the correct data, roll over data for use the next year, and ensure that the right staff members are assigned to coordinate binder close efforts.

## The solution

XCM connects people and processes through technology to drive efficiency and transform data into meaningful, strategic insight across departments and roles – offering a smart solution to resolve these common audit challenges. The following represents the three most challenging phases of an audit and how XCM addresses the pain points detailed on the left.

