

# Accounting and Auditing Process:

## Why engagement management software isn't enough

Implementing workflow automation brings visibility, control, flexibility and accountability to your A & A process.



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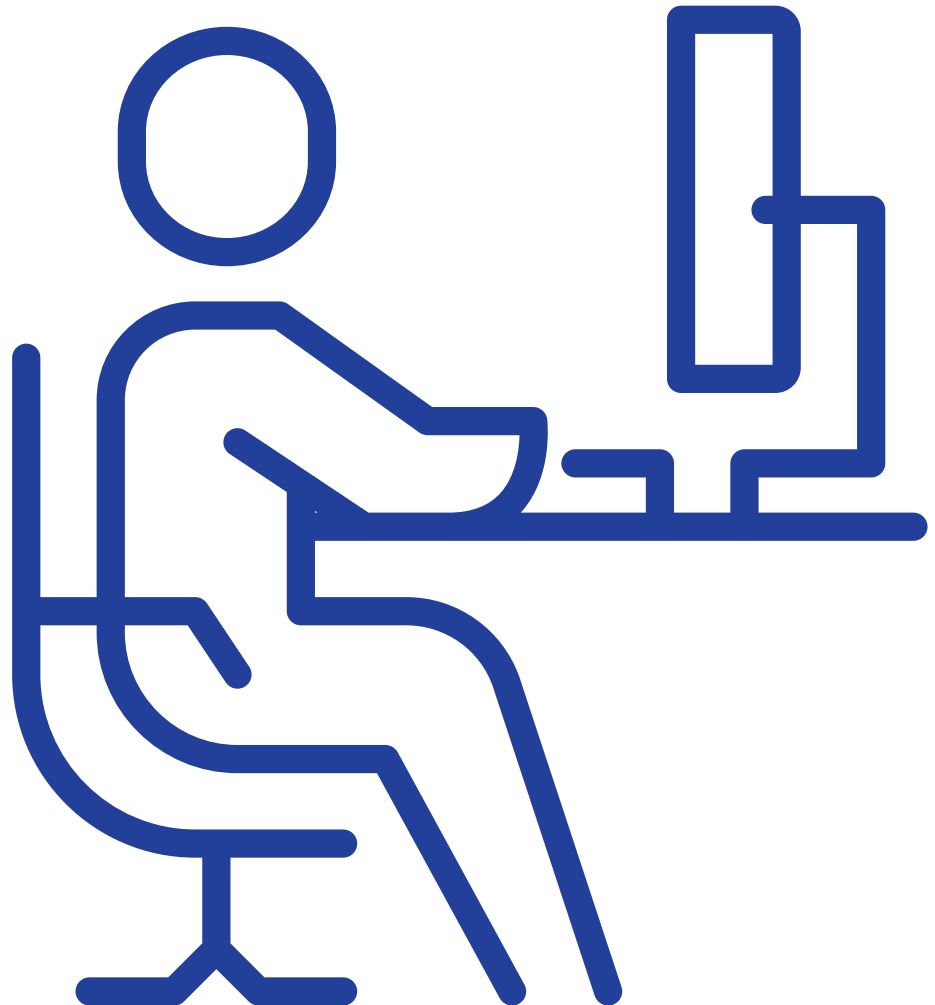
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# Why engagement management software isn't enough

A common misconception of the audit community has long been that engagement management software is enough to execute a quality audit within budgeted time.

And while this may be somewhat true for fieldwork, when you consider the entire A & A process – from initial scheduling to binder close – engagement management software, on its own, simply doesn't cut it. The complete audit process represents a vortex of tasks, handoffs, reviews, and communication points across teams. Factor in compressed deadlines, increased regulation, and frequent, unexpected changes over the life cycle of the engagement and it is easy to see how quickly visibility and accountability are compromised and control is lost.

Engagement management solutions are an integral part of the audit workflow, but they cannot stand alone. Firms operating at peak efficiency understand the need for technology that spans beyond this software to include workflow automation. Combined, these solutions support an end-to-end digital process that enables greater efficiency, which increases firm-wide resource capacity.

Workflow automation further fuels productivity by offering visibility across multiple engagements simultaneously, providing managers a panoramic, real-time view of data, deadlines and progress. And with complete visibility and greater control over processes, you increase staff accountability and increase capacity.

The days of stand-alone solutions are over ... especially in the exceptionally complex and chaos-driven world of A & A engagements. Implementing workflow automation arms professionals with a powerful platform to achieve visibility, control, flexibility and accountability throughout an engagement.

*Engagement software does a good job of managing work in the field, but it's in that final sprint to the audit finish line where numerous last-minute changes and fire drills occur and lead to loss of control. The fact is that most audits exceed budget in the last 20% of the audit process. Workflow is the answer to effectively managing the A & A process at every stage and ensuring profitability.*



# A deeper dive into unique A & A challenges

Anyone who has worked in an audit department understands the exceptional challenges — from a non-linear, multi-point process to compressed deadlines and frequent late night status updates. The process is further muddled by:



**Inconsistencies in process** due to partner preference, which forces managers and seniors to adapt to disparate requirements and approaches — at times performing the same work multiple times in varying formats to accommodate preference.



**Ever increasing regulation and quality control requirements** add to process complexity and workloads while tightening the time crunch with no added flexibility on deadlines.



**Constant, live status changes and the inability to adapt to unexpected events** further complicate the process and heighten risk of missed deadlines and error.



**Single point of (knowledge) failure** — workflow is interrupted when a key team member leaves, taking with them valuable client knowledge and important correspondence from their email account.



**Ineffective scheduling** translates into lost time and money when billable hours are not maximized (i.e., manually tracked within an Excel spreadsheet).



**Inflexible deadlines** cause added strain on staff that often leads to turnover.

Audit engagements are daunting ... but they don't have to be. With the right technology in place, you can end the vicious cycle of long hours, drain on management's time and blown budgets.

With workflow automation at the core of the A & A process, you really can achieve complete visibility, control, flexibility and accountability.

*Not only do audit teams have to juggle a multitude of tasks and the challenges inherent in the A & A process, but there is also the pressure of a 45- to 60-day binder close period after the engagement has wrapped. The pressure is compounded with the fact that other engagements are in process during binder close, pulling managers, seniors and staff in several directions.*

# Taking back control of your engagements with workflow

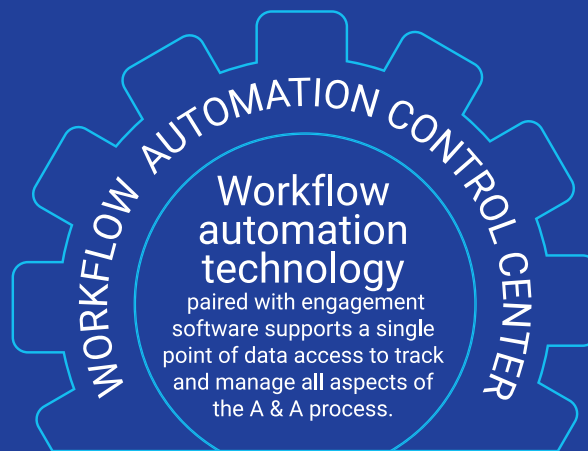
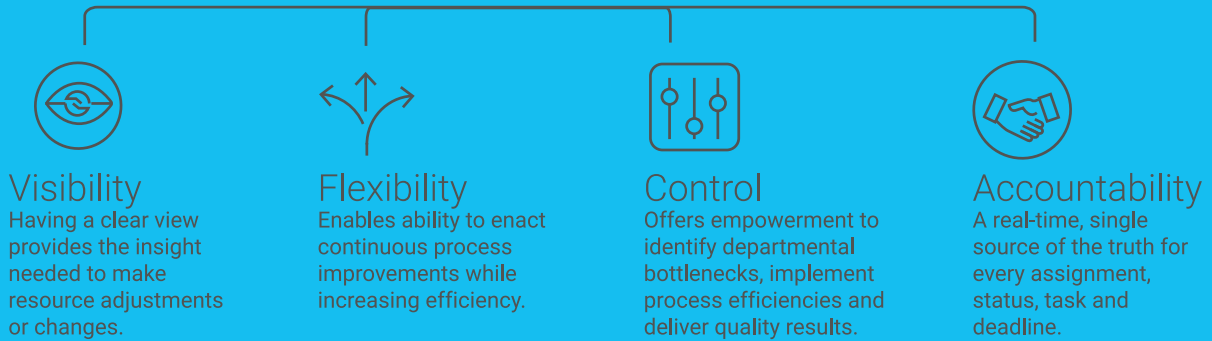
Firms can break the vicious cycle of audit chaos with a simple change in mindset. The fact is that engagement management software is not enough.

While effective in managing the execution fieldwork and workpaper evidence, engagement management solutions are NOT equipped to handle engagements end-to-end. Beyond fieldwork, there are multiple reviews and continuous changes that cloud visibility and lead to loss of accountability across team members as well as loss of broad process control. Workflow is the only technology that offers firms a 360° view of the A & A engagement process from start to finish — including the people, processes, timelines and data necessary to complete an audit.

The infographic on page 6 represents the key risk areas and common pain points within each area of an audit department. It also shows how workflow automation can help firms regain visibility, control, flexibility and accountability.

*We've all been exposed to multiple challenges of managing the audit process — that feeling of being pulled in several directions and the pressure of staying on budget and meeting deadlines despite working on several engagements at one time. We know first-hand the chaos associated with producing financial statements and how last-minute changes can turn the audit process upside down, no matter how well you have stayed within budget up until that point. It is here that audit professionals need a powerful workflow solution to effectively and profitably close out the process.*

# REGAIN



## UNIQUE CHALLENGES

### CHALLENGES CULMINATE INTO LOSS OF:



**Visibility**  
at all process levels

**Flexibility**  
across firm-wide processes



**Control**  
by senior staff and managers

**Accountability**  
across teams and staff members

#### Review points-of-contact

- Managing knowledge across multiple review contacts
- Managing reviews within email communication limits visibility across reviews and heightens risk of missed information

#### Milestone projects

- Tracking of engagement, management representation and legal letters
- Frequent and time-consuming status updates (non-billable time)

#### Scheduling

- Numerous hours spent scheduling meeting with multiple partners (non-billable time)
- Schedules kept on open-access Excel sheets (version control issues)
- Allocating the right resources, balancing time, billable rates and expertise

#### Binder close

- Subject to compressed 45- to 60-day deadline
- Managing multiple audits while in binder close process

#### Financial statement production

- Multiple handoffs
- Multiple, concurrent reviews
- Version control (who has the most recent?)
- Admin time allotted is not tracked and not billable

# Workflow's the answer... But what is the next step?

**The A & A process is complex – a non-linear flow of projects, to-dos, handoffs and reviews.** And while it is clear that most engagement management solutions are equipped to handle tasks that occur during fieldwork – the challenges that come post-fieldwork is where the process can quickly fall apart. Eleventh-hour disclosure changes and adjustments, simultaneous reviews and maintaining communication across remote staff all add to the chaos during the final finish-line sprint.

The solution is to implement workflow automation into the process – offering a single platform to manage all areas of workflow. Workflow represents a powerful tool to ease the pain of A & A work – designed to support audit professionals not only through fieldwork, but also through those high-risks areas of the process, including scheduling, review, milestone projects, financial statement production and binder close. Understanding audit challenges is the first step to solving this issue. The bigger question for firms is: “How do I improve productivity in my firm?”

Firms don't have to face implementation of workflow alone, but instead can rely on the experience of peers who have experienced both the pain of audit work and successfully implemented a workflow solution.

Don't jump into implementation blindly, but rather start with a few small steps:

1. **Conduct a high-level evaluation** of your current A & A process and identify broad areas of weakness.
2. **Conduct a focused evaluation** of key risk areas including scheduling, review, milestones, financial statement production, and binder close to identify pain points in each area.
3. **Talk to peers** who have overcome process challenges by implementing workflow and identify best practices of a successful implementation.
4. **Schedule a demo** to see first-hand how a leading workflow automation solution can solve major process challenges.

# Conclusion

For years, audit professionals have relied heavily on engagement management systems as a stand-alone solution to support the broad A & A process. However, even the most robust of these systems can't provide visibility over the life cycle of an engagement. Lack of visibility hinders staff and management accountability, which ultimately leads to loss of process control and greatly hinders productivity.

The advent of workflow automation tools put an end to these common challenges and pain points — offering an all-encompassing solution to streamline the engagement process end-to-end. Capturing all points of data and contact, top-tier workflow solutions keep work moving forward by eliminating process-halting status checks due to loss of visibility. When management has full visibility into the process, accountability remains intact and control is achieved.

**With workflow at the heart of the engagement, audit professionals can enjoy a more positive work culture, improved realization rates, and relief from undue stress that comes from manual, unreliable processes.**

Take back control today and significantly increase productivity by placing the right workflow system at the core of your A & A engagement process.



## About CPA.com

CPA.com's mission is to empower CPAs for the digital age by providing targeted technology solutions, education and best-in-class strategic resources to help position CPAs and their firms for success in today's digital world.

CPA.com's partnership with XCM, a leading provider of workflow automation, provides CPAs a proven partner that can expertly consult on business process improvement to achieve productivity enablement via workflow automation. XCM has helped more than 25,000 users realize the value of automating workflow.

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XCM offers a complete productivity enablement and workflow platform that empowers you to manage all types of work— within all departments, across multiple offices.

It's an open platform system that works horizontally across tax, accounting, finance, audit, and operations applications. XCM manages millions of processes per year, enabling professionals to complete more work, in less time, with greater quality. Our device and browser-agnostic cloud solutions offer real-time anywhere, anytime access to work.

Though we integrate with several popular tax and accounting packages, the real payback is through your greatest asset — your people. XCM is the only productivity enablement and workflow platform endorsed by the AICPA, and complies with the controls and applicable criteria of the AICPA Trust Service Principles.

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