THE AUDIT = OF THE = FUTURE

How to implement technology in audit





By Joe Haas, CPA

he Audit of the Future" once may have seemed like a distant concern or just a hot topic reserved for a special session at an industry conference. But as it stands today, this catchy concept can be ignored no longer, because what "The Audit of the Future" really means is technology.

And technology is here—that is undeniable. The real question is not if you should implement technology in your audit practice, but how you should implement it.

This can be very challenging, considering the number of products on the market. Some of the new technologies offered today are very capable products that have the power to greatly improve your audit practice, but their implementation can come at a significant price. Considering the stakes, it's important you get it right. Think about the following steps to increase your chances of success when implementing a new audit technology.

Identify a need – Don't just implement new technologies for the sake of being cutting edge. Evaluate your audit procedures, and identify areas that could be improved with technology. What procedure takes the longest? What procedure or

process seems to get the most complaints from staff? What audit risk concerns you the most? The answers to these and similar questions will give you a starting point. Seek out technologies that can address these needs.

Explore and research – We live in the age of information: You just have to go find it. You can identify products and technologies that are available through searching the web, attending industry conferences, asking peers, consulting a trusted product vendor or many other ways. This step can actually be fun and exciting, but it can also be overwhelming. Keep your needs in mind to help you stay on the right path.

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Test before you commit – This may be the most important step, and extra work here can save you time and money down the road. Once you've identified a technology or product you're interested in, request a private demonstration (or two). Involve the key decision makers in your firm. Getting the right people on board and excited about possible technology updates early will pay dividends in the long run. If you're still interested after the demo, request a trial version of the product. Even if there are costs associated with a trial run, it may be worth it because it will help solidify your decision.

Once you have access to the technology, create a pilot program. Put the technology to the test in your real-world environment. Does it hold up? Does it work as advertised? Does it produce results? None of these questions can be fully answered by a sales pitch. You need to test the products for yourself.

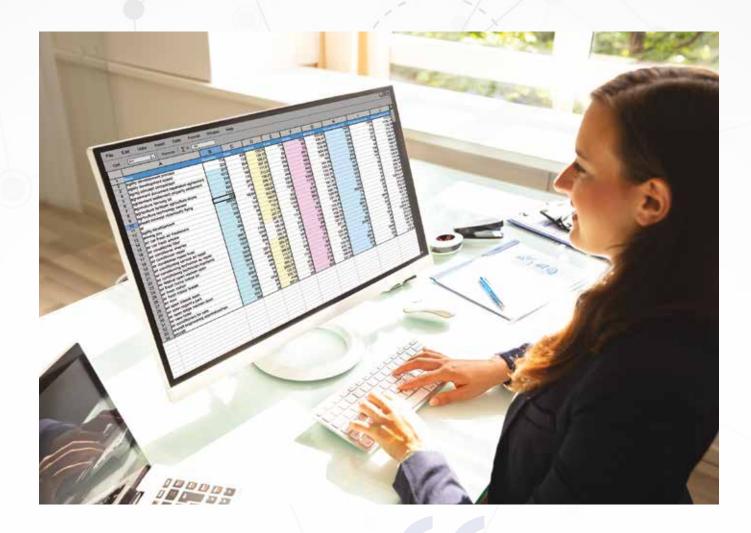
Develop standard procedures (but don't stifle creativity) — Congratulations! You've done your homework and committed to implementing a new technology in your audit practice. The next step is to be certain it leads to results. The best way to guarantee initial results is to develop standard procedures that can be implemented in every audit. This will ensure the entire staff uses and understands

the technology. It should also address the need or frustration you identified in the first step of this process.

Initial results aren't the only thing you should be interested in, though. It's important you let the technology evolve in your practice by giving your staff the freedom to be creative and develop new uses you didn't initially consider. This will lead to additional efficiencies, but more importantly, it will help create a culture of change and innovation with staff. This could come in handy when introducing other new technologies.

Measure the results – The true test in confirming whether a new technology has been successfully implemented is whether it produces tangible results. Determine the results you want or need to see, and define your benchmarks. This could be as simple as reducing a certain number of hours from each audit. But considering you'll be spending a known amount of money on the new technology, does it reduce your audit costs by a greater amount? Periodically compare actual numbers to your benchmarks, and be honest with the results. If it isn't working the way you envisioned, don't hesitate to make the necessary changes to see the results you desire.





The bottom line is this: The implementation of a new technology needs to produce positive changes. Those changes should be efficiencies in audit procedures as well as increased audit quality. Technology doesn't only make you faster, it should also make you better. But in order to make that happen, you need to develop a plan for success. Remember, there's a learning curve not only for using the technology, but also for implementing it.

Once you've worked through a successful change in technology, you'll be better equipped to handle the next inevitable change. And before you know it, instead of talking about "The Audit of the Future," you'll be performing it.

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