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Impact of Technology on Audit Profession

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Executive Summary

- Introduction
- Traditional way of doing Audit
- Audit in the technology driven Environment
- The Data Revolution
- Artificial Intelligence
- Block chain
- Facebook and Libra Crypto Currency
- Future of Audit



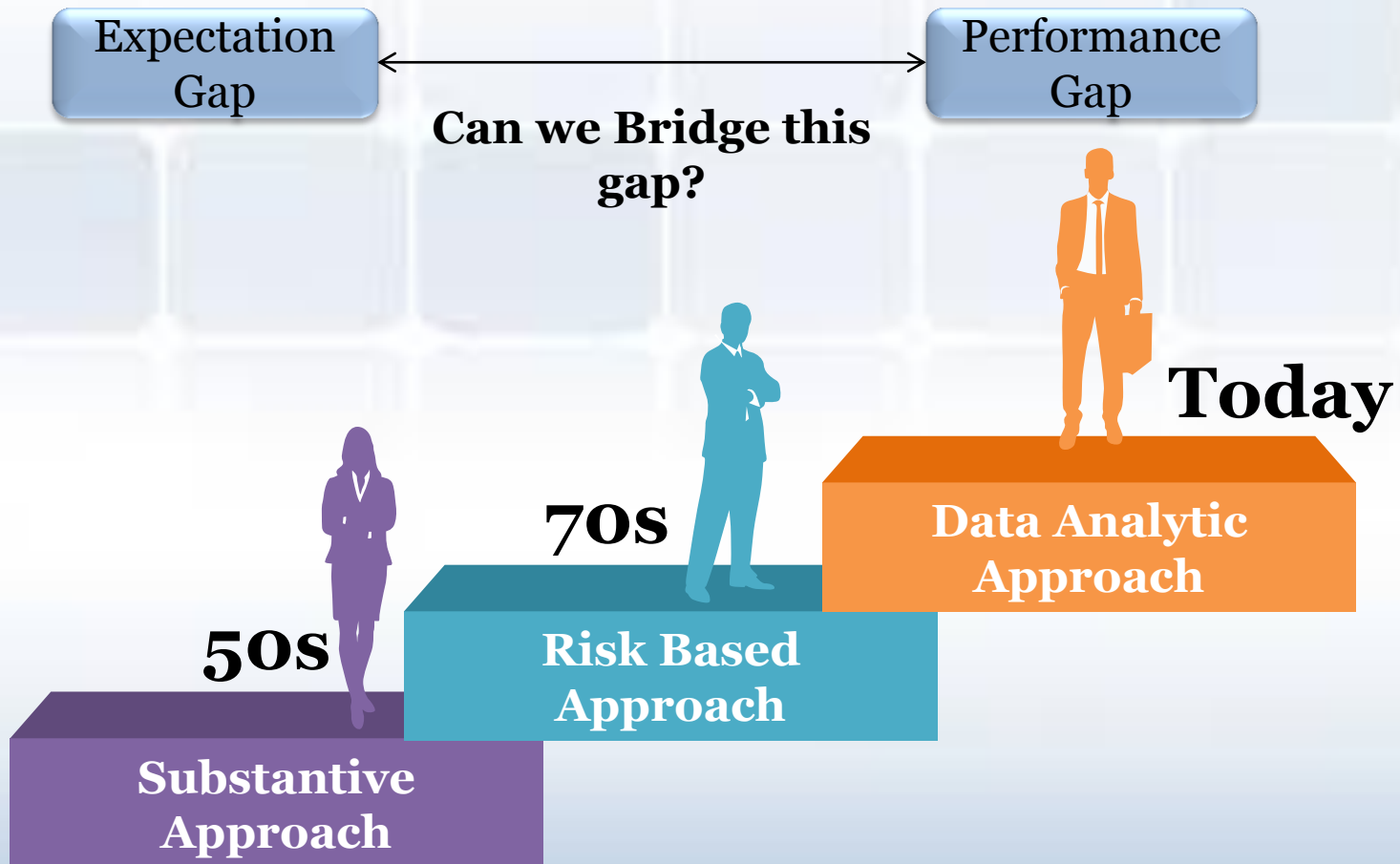
Introduction

- According to an Oxford University study on the likelihood of computerization for different occupations, there is a 94 percent probability that the job of Accountants and Auditors will be computerised
- A recent Forbes Insights survey found 58 percent of auditors and businesses believe technology will have the single biggest impact on the audit over the next three to five years.
- By 2020, smart machines will be a top-five investment priority for more than 30 percent of chief information officers
- Widespread agreement that the impact of this innovation revolution will be positive for organizations that engage auditors.
- 59 percent of respondents to the Forbes survey agreed advanced technology will enable a deeper, more sophisticated analysis of data as part of the audit.



Expectations from the Profession

- Are we delivering up to the expectations of the society?
- Something that was not done before can it be done today with the help of Technology ?



Traditional ways of doing Audit

Vouching & Verification



Verification

Observation



Inquiry

Analytical Procedures



Confirmation

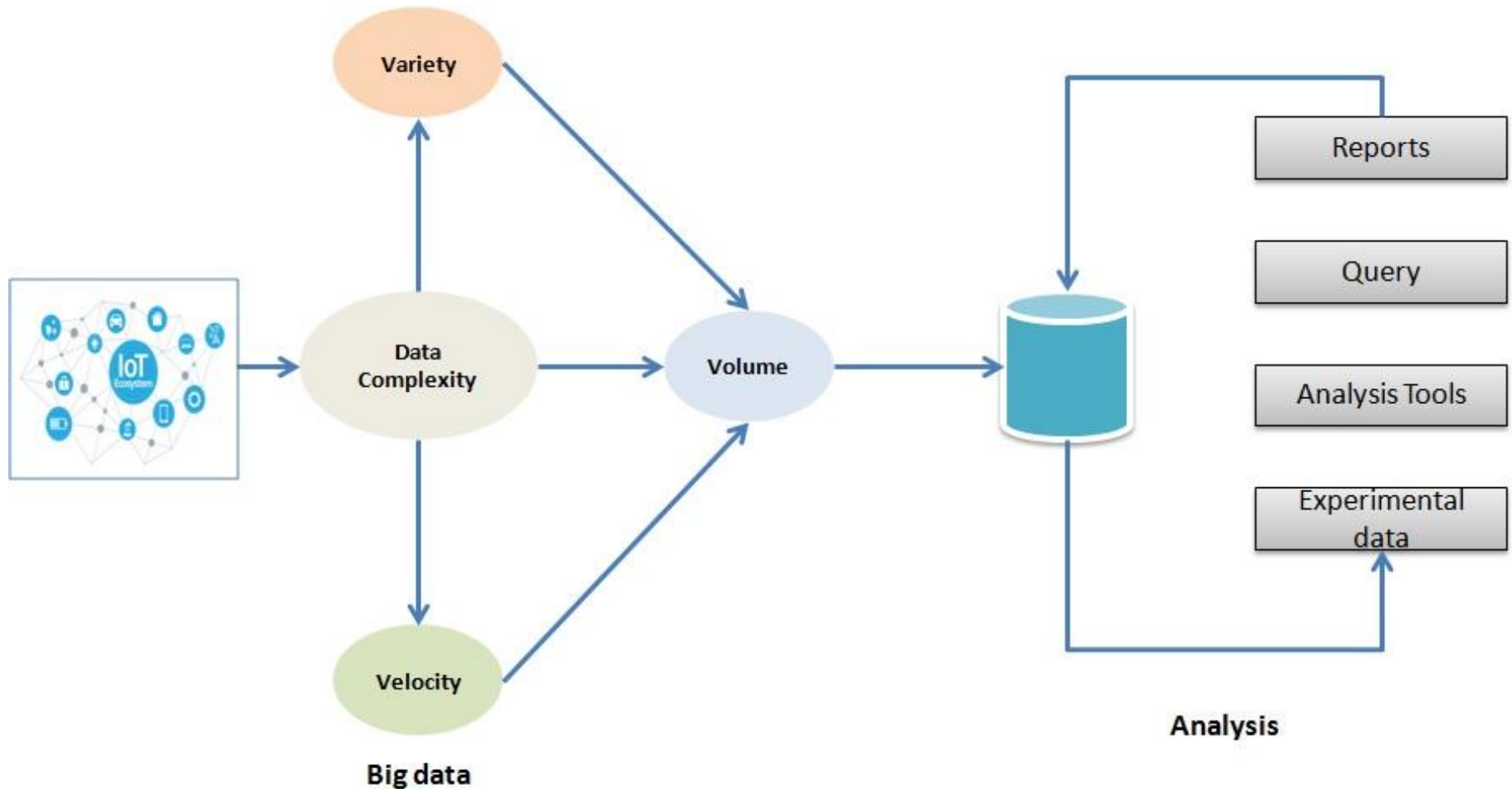
Audit in the technology driven environment

- Technology Revolution is transforming businesses
- Moore's law predicted that processing power will double every two years
- Machines with intelligent systems are becoming more and more sophisticated in making connections, identifying patterns, forming correlations and finding solutions.



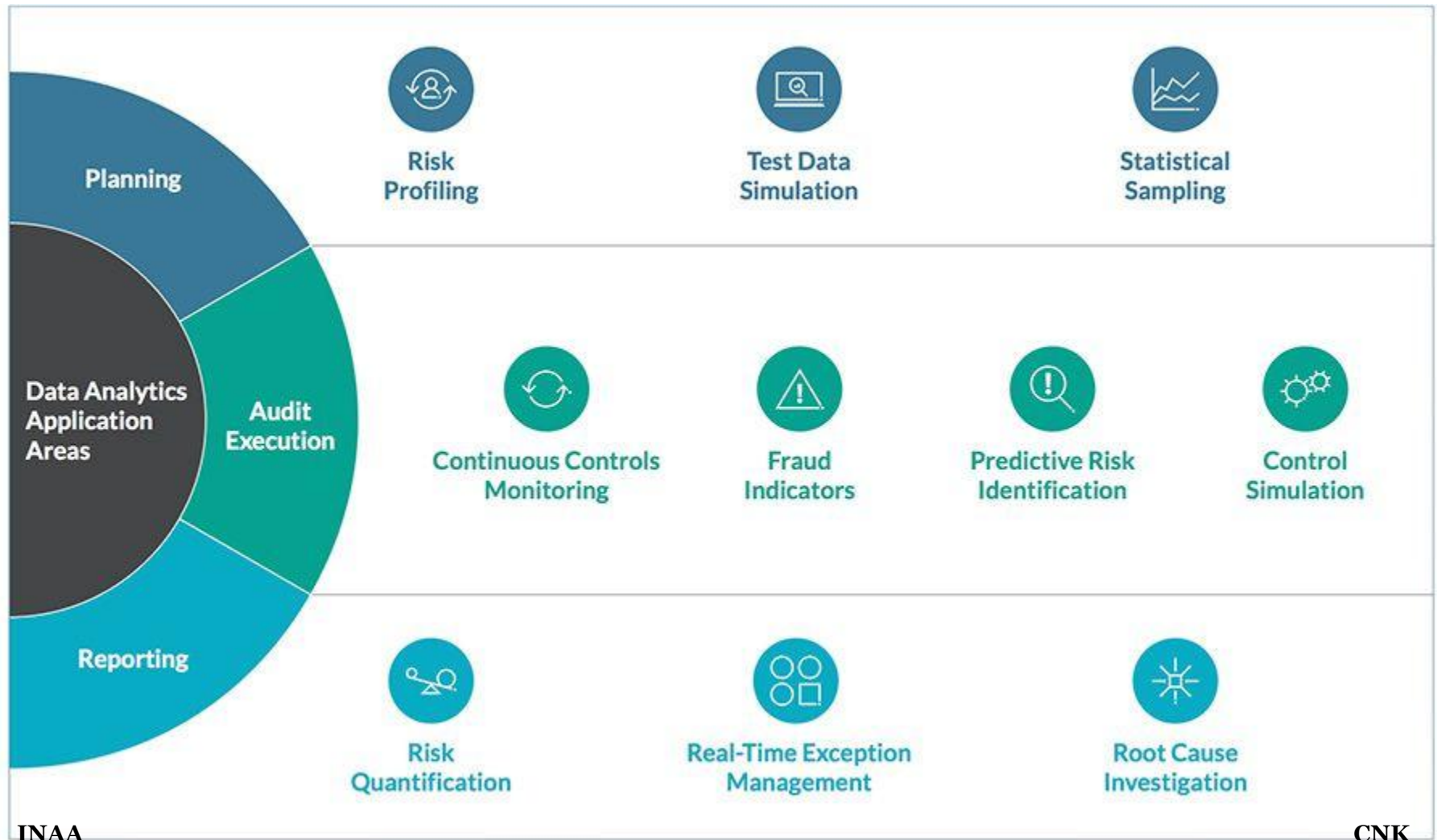
The Data Revolution

- With the digitization of our society and our lives, everything creates data.



Data Analytics

Audit approach : From transactional to risk based to analytics



Impact of Data Analytics

- Raising the audit quality bar, in particular, enabling stratification of data and focused testing of large or complex data sets.
- Auditors will have a powerful tool to grasp the accuracy of reported information and promote audit quality—with comparative data as a benchmark.
- Challenge to test third party data as reliable, relevant, objective, accurate and verifiable in compliance with Auditing Standards.
- Avoid confirmation bias while performing data analytics.

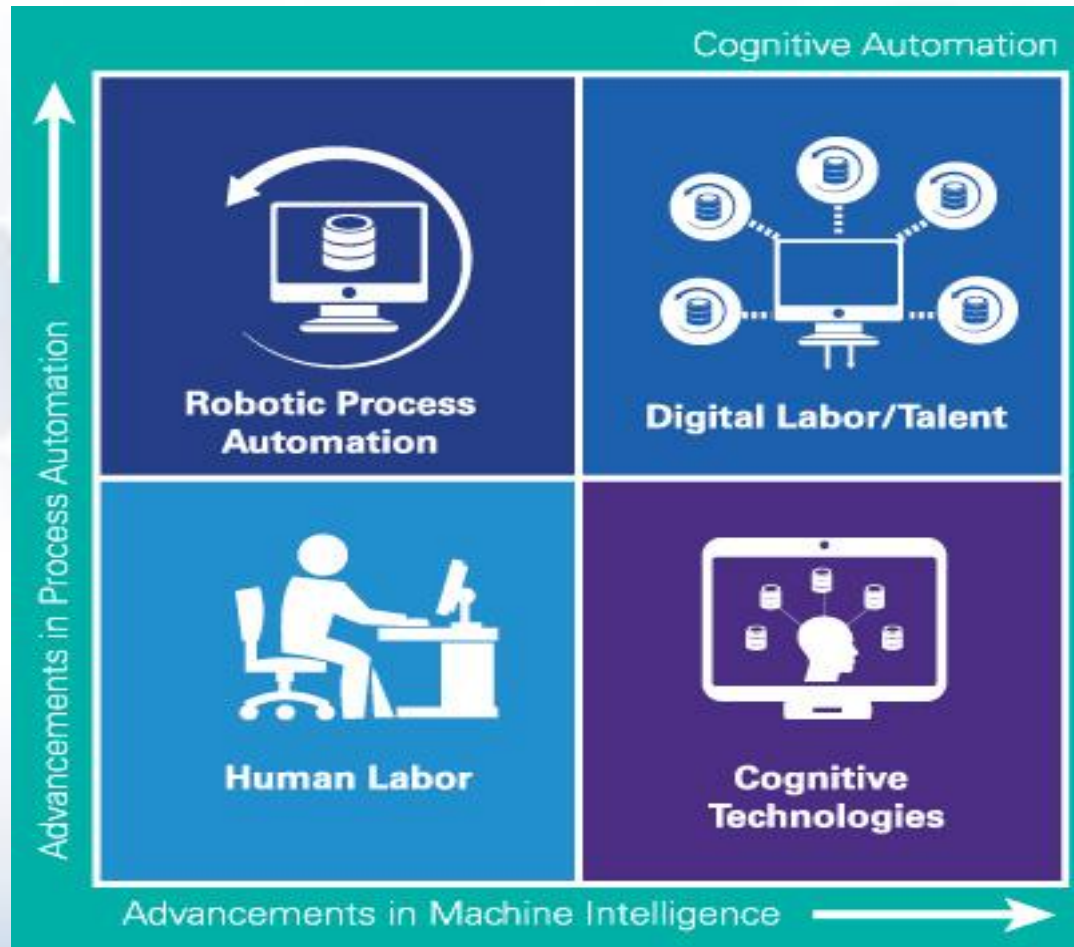
Real Time testing of complete sets of data rather than testing sample

Aiding risk assessment through identification of anomalies and trends and comparison to industry data

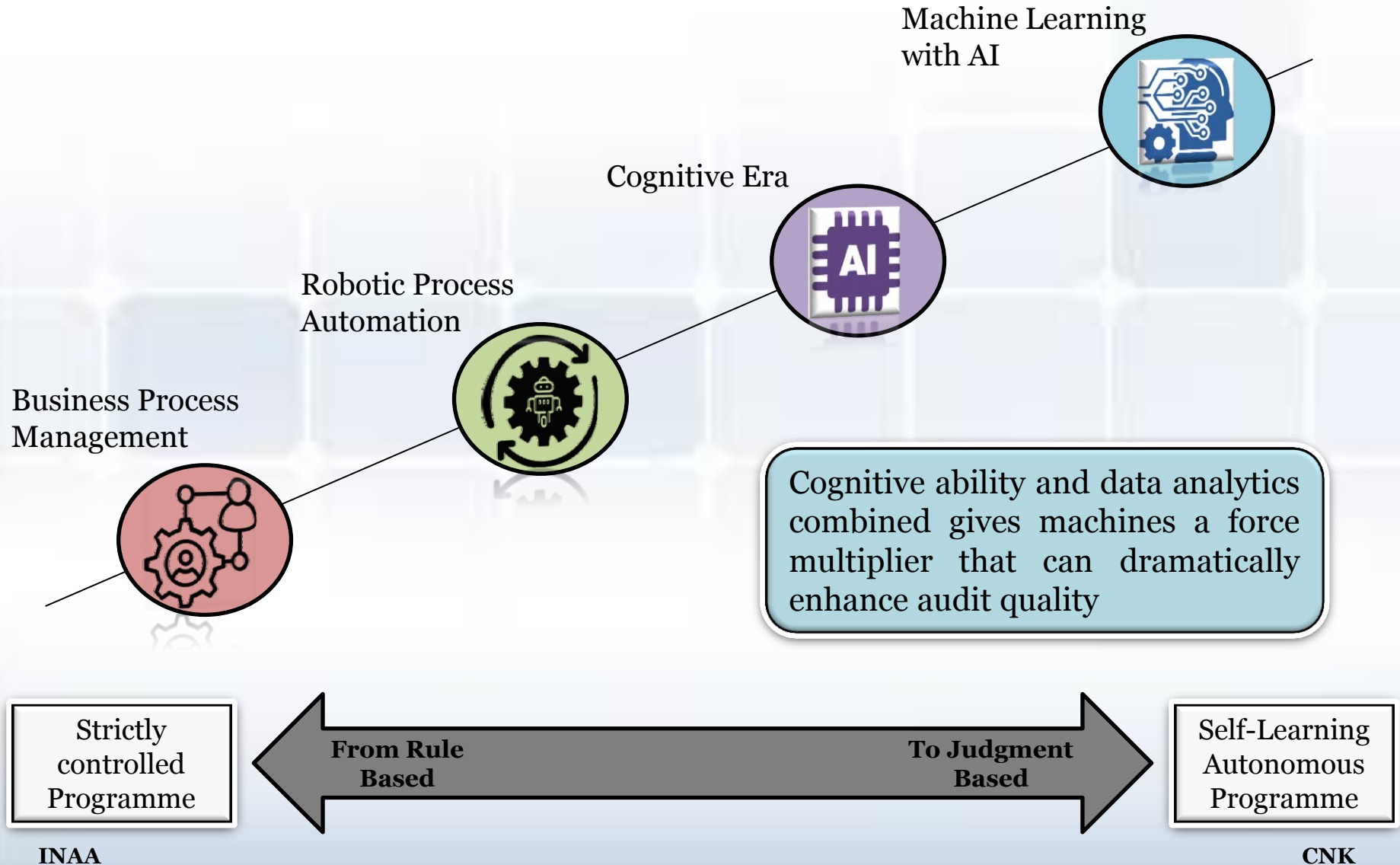
Data Analytics is challenging many concepts including the concept of Audit itself

Artificial Intelligence

Combination of RPA, data analytics and cognitive technology will have profound impact on the way audit is performed



Artificial Intelligence



Block chain

- Block chain is a decentralized, distributed ledger that enables recording and verification of transactions by the parties involved in an efficient manner.
- It has the potential to impact all recordkeeping processes, including the way transactions are initiated, processed, authorized, recorded and reported.
- It assures the integrity of the financial records and has the capability to reduce or even eliminate the need for audits in the future.



A digital ledger that keeps a record of all transactions taking place on a peer-to-peer network



All information transferred via blockchain is encrypted and every occurrence recorded, meaning it cannot be altered



It is decentralised, so there's no need for any central, certifying authority

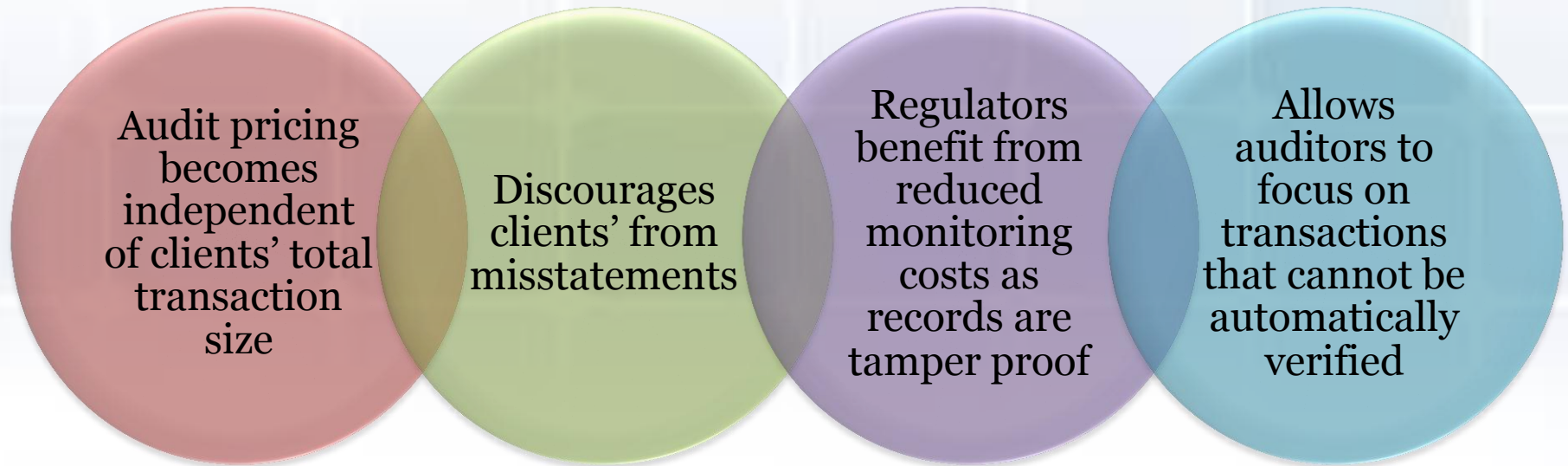


It can be used for much more than the transfer of currency; contracts, records and other kinds of data can be shared



Encrypted information can be shared across multiple providers without risk of a privacy breach

Impact of Block Chain Technology



Similar to transaction being verified by notary – only in an electronic way

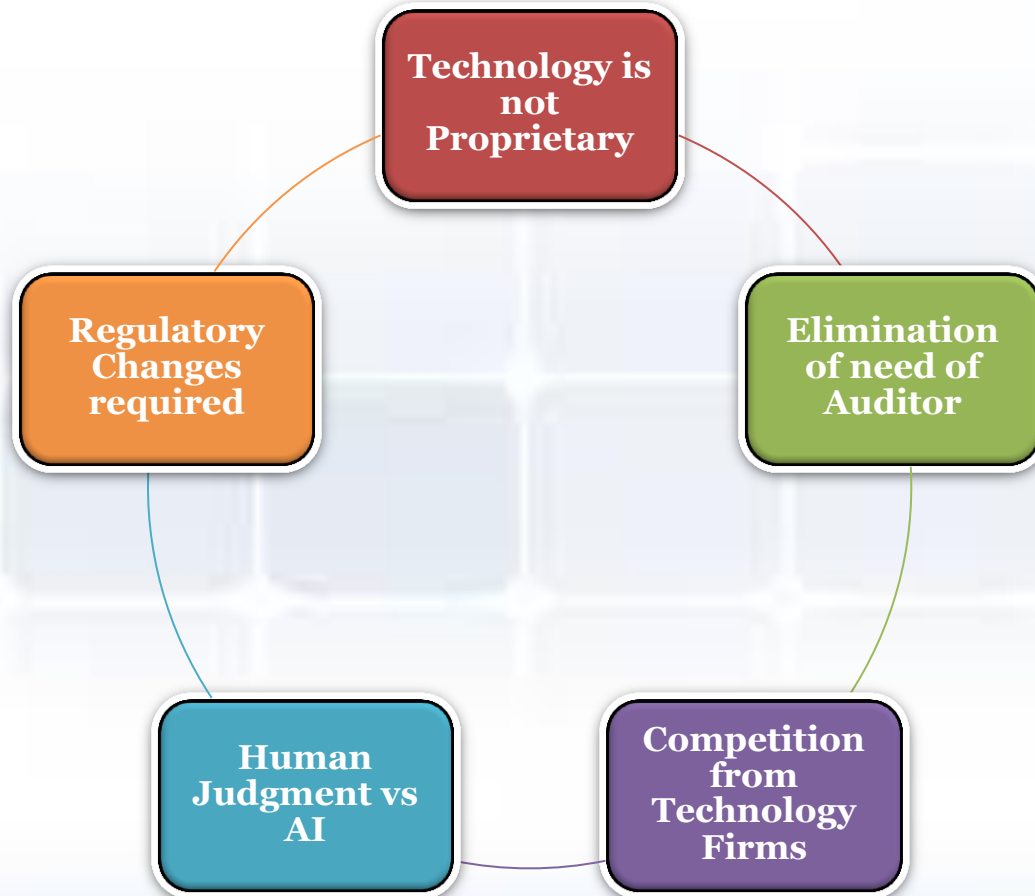
Facebook and Libra Crypto Currency

- Facebook has announced the launch of its crypto currency – Libra; powered by block chain technology in the first half of 2020.
- Prominent brands including Uber, Visa, Vodafone and Spotify, have partnered with Facebook to drive the adoption and acceptance of Libra.
- Alongside Libra, Facebook plans on launching Calibra – a digital wallet that will be accessible through Facebook Messenger, WhatsApp and a separate stand-alone app.



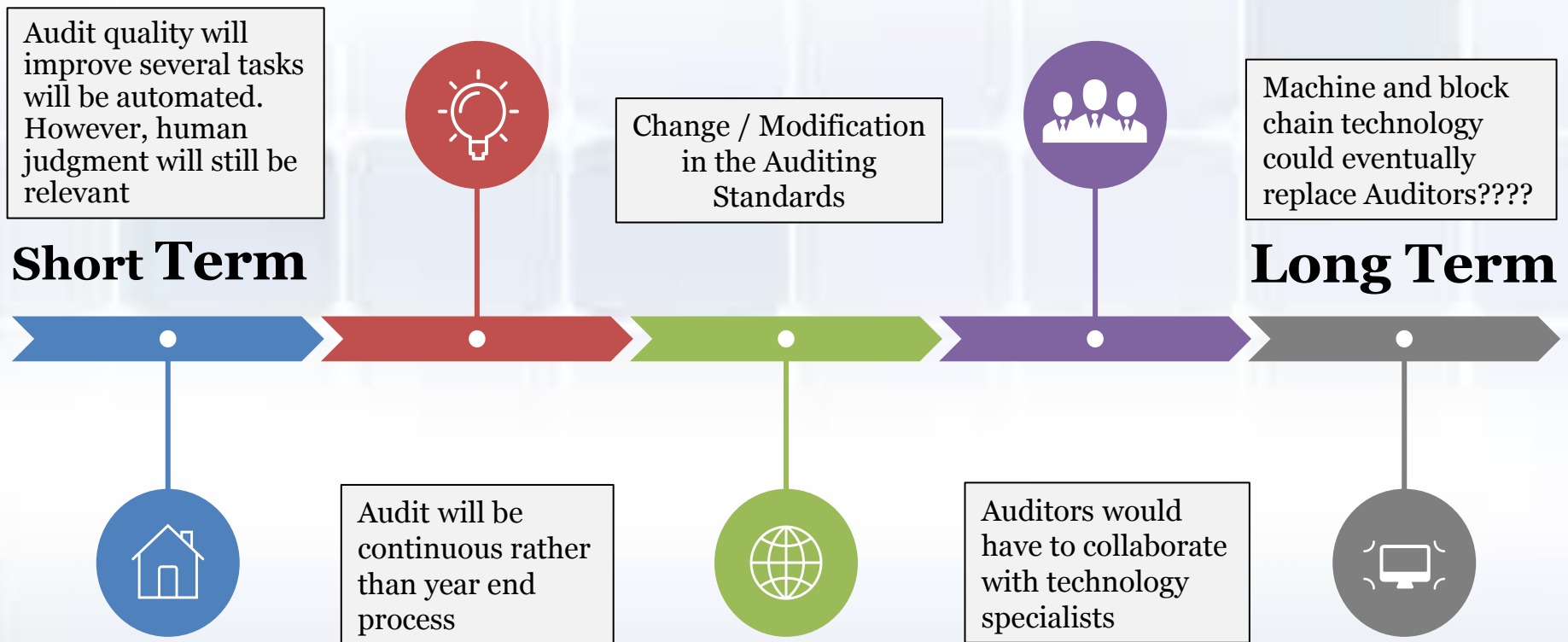
Challenges for the Profession

Technology is a useful servant but a dangerous master



As a result, the auditing profession must develop and deploy advanced technologies to harness this explosion of data and unleash the insights embedded within it to advance audit quality.

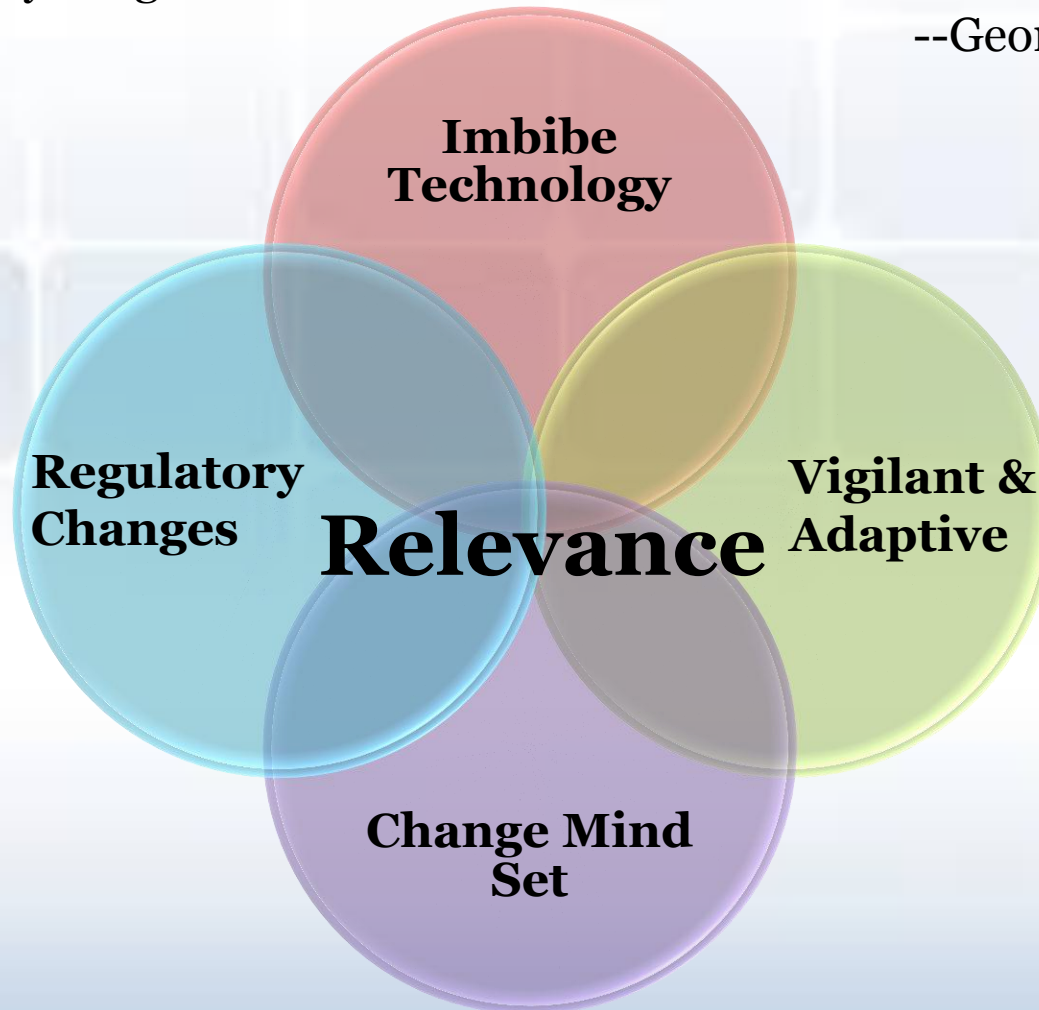
Possible Future Scenarios



How should the Profession Respond?

“Progress is impossible without change, and those who cannot change their minds cannot change anything.”

--George Bernard Shaw



*Thank
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