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The Voice of the Auditor



Audit Expert Report 2022

The spotlight on challenges in Audit Transformation





The Voice of the Auditor

Auditing is subject to constant change, regulation, and technological advancements. The sweeping global impacts of Covid-19 created what is arguably the greatest disruption for audit in the history of the profession. Increased audit complexity, remote working, digitalization, and the constant push for audit quality and efficiency are drivers for audit firms to change the way they operate today.

Helping more than 200.000 auditors across the globe, DataSnipper learned that great knowledge is stored in this audit community. To bring this knowledge into the 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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Nathan Schoenmaker
Auditor
Pitcher Partners Australia

Covid-19 impacted the fundament of the audit; communication with the client and collaboration within the audit team. Advancements and implementation of technology has significantly helped in bridging this gap



Challenge I: Audit tool spray



Auditors love tools and technology. On average, audit firms have more than 30-50 audit tools in place. This overwhelming number of tools leads to audit tool fatigue; meaning that adopting and learning these new tools is more exhausting than productive. Most importantly, new automation tools do not deliver value if they are not implemented correctly in the day-to-day operations, or when auditors simply haven't mastered the right skills and mindset to work with these tools.



The number of audit enhancing technology tools has grown significantly over the past couple of years. Many tools look flashy and helpful at first glance. 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 United States

Next to audit tools available in the market, audit firms also develop their own audit solutions. It's the traditional build versus buy trade-off. However, small firms don't have the resources to work on these projects. Larger firms don't have the right culture and mindset to drive true product innovation. Today, advanced firms have tools and procedures in place to e.g. automate Test of Detail procedures with intelligent document matching. However, most of these solutions are extremely complex to use or are missing friendly user interfaces, decreasing overall tool adoption rates.

In the last two years, accelerated by Covid-19, the need for audit digitization and the pressure for using the right tools has become increasingly important. Storing audit evidence in a structured way, automating sampling, automating detailed audit tests, client communication; the need for audit firms to work with the latest technology is bigger than ever. Make sure new tools are extremely easy to use and integrate well with current audit solutions to eliminate data siloes and increase overall firm-client collaboration.



By using automation, the 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



Subsequent lockdowns and work from home measures severely impacted on one of the most fundamental aspects of an audit, communication with the client and collaboration within the audit team. Advancements and implementation of technology has significantly helped in bridging the gap.

Nathan, Pitcher Partners Australia

Challenge II: Repetitive audit tasks



Almost every auditor focuses on new and innovative technology and automation. The human effort, related pain and potential value to solving the repetitive audit tasks is simply very high. Audit firms are constantly looking for new automated and standardized audit workflows, while maintaining 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 labour-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

Many audit firms are on the lookout for tools in the market or start internal innovation projects in an attempt to win the battle for efficiency, while improving audit quality in an environment that is appealing to the modern workforce.

The dream of auditors? It's probably related to 'continuous auditing'. The power of continuous auditing lies in the intelligent and efficient continuous 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. Automation takes over 99% of the work, while auditors stay in control. Releasing the pressure of executing the repetitive tasks, creating more valuable time for auditors to focus on what they love most – analyzing exceptions and advising clients.



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 United States



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



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



Challenge III: The regulatory paradigm for innovation



Over the last decade, audit regulations are becoming stricter. New regulatory demands increase the workload for audit firms. This leads to the increased need for audit quality and efficiency, which forces audit firms into a challenge of adopting new ways of working driven by technology and automation. However, while 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

One of the biggest challenges 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 very hard and time-consuming to develop new audit software.

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 as a 'black box' approach. This means it's hard to justify the outcome of these technologies, which goes against audit regulations. Algorithms can be destructive when they produce inaccurate or biased results, an inherent concern amplified by any leader who wants to be confident about their use. That is why there is hesitancy in handing over decisions to machines without being confident in how decisions are made and whether they are fair and accurate. This is the audit AI trust gap.

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



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

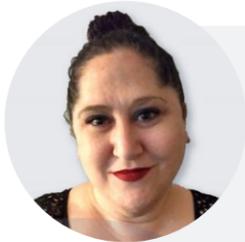


Our biggest challenge is to make auditing more fun and meaningful with the brightest minds, using modern-day techniques and meeting the high demands of the regulator.
Joeri, Van Wezel Accountants the Netherlands

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 United States

One of the most important aspects of new software is 'ease of use'. If the 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 extremely complex to master or only available for a selected group of eager innovators. It's the adoption of the mass that will in the end 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 siloes, improving the overall quality of the service. Audit software that is adopted across lines of 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.



Challenge V: Audit talent retention



When young auditors start their careers, they are looking at their careers with full excitement. At the same time, they have a romanticized idea in their head about what auditing in their first years actually is. Starting as an auditor - in larger firms especially - means you start climbing a long and predefined corporate ladder. At the bottom of this ladder, there is lots of manual and repetitive audit work to be done. 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, BDO Canada

Technology plays a crucial role in audit talent retention. Young auditors are grown up with fast-paced technological advancements. They expect to work with the latest tools and technologies. Therefore, they are constantly 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 learning from senior auditors.

In the end, audit technology and automation increase the excitement in auditing. Technology can take away the burden of repetitive and menial work, helping them to become a better and even more efficient version of themselves. Like getting bitten by a spider and waking up the next day to find out you can suddenly climb walls. Great feeling. Technology should give auditors this feeling of having superpowers.

In times where auditors work more remote due to Covid-19 regulations, employee well-being becomes increasingly important. Technology can make the life of auditors easier, like reducing stress, unpaid overtime, and the overall retention of great talent. It's up to the audit leaders to embrace the voice of their auditors, and act.



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



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 US

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 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.



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.



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.



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.



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.



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.



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.

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 200.000 auditors across 75+ 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