



Remote Audit Best Practices

with the Thomson Reuters Cloud Audit Suite

WHITE PAPER

Even before the global pandemic, there was an evolution going on in audits. Developments in technology have given auditors more flexibility in performing their work than ever before.

Advancements in technology have resulted in remote work becoming increasingly normalized, as employee expectations and desires shift, and firms discover the benefits that exist when working outside the constraints of a traditional brick-and-mortar office.

The ability to perform high quality audits at a distance offers many potential benefits to firms, including the ability to take on new business opportunities and hire talent in geographic locations other than their own.

Post pandemic, the move toward remote audits has shifted into high gear, with the auditing profession using cloud-based engagement software and remote audit techniques to perform their engagements.

This white paper will explore that technology, examine how using such software enables high quality remote work and remote audits, and share best practices for managing both remote audits and remote audit teams.

“An increase in remote working only increases the importance of building strong audit teams. Not only do audit teams need people with a wider range of technical and personal skills, but they also need to include a more diverse set of experiences and viewpoints.”

– EY.com *How the auditing professions is transforming to meet future challenges*

Remote work benefits and key considerations

Many firms are seeing the benefits of working remote, such as:

- **Reduced real estate costs due to the need for less office space**

Adding a solution that allows your staff to perform audits from anywhere reduces the need for office space to house them. In addition, [research from Cushman Wakefield](#) indicates that approximately 30% of individual contributors responded “rarely or never” when asked how frequently they intended to be in the office post-pandemic. Regardless of your firm’s final in-office policy, the need for less space will likely help your bottom line.

- **Moving to an open or a hybrid floor plan for their office space**

Along the same lines, some firms are opting for a more collaborative workspace. In some cases, they are even looking at open floor plans that replace traditional cubicles and offices with a single large area equipped with tables, monitors, and docking stations. Millennials and Gen Zs thrive in collaborative environments, and these types of office layouts tend to support those work preferences.

- **Improved employee retention and engagement**

Modern technology is at the top of many new hires’ wish lists when they are evaluating potential employers. And the lack of it within the firm could be the difference between a candidate accepting an employment offer or not. Not only does investing in remote audit technology allow for audits from anywhere, but it also shows prospective hires that your firm is committed to giving its team the tools they need to succeed.

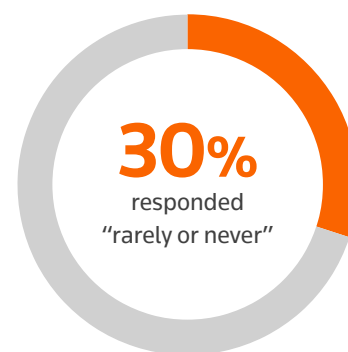
- **An expanded talent pool that offers qualified professionals outside your geographic area**

As mentioned previously, adopting remote audit capabilities makes it possible for firms to expand almost seamlessly into new markets. One of the things that is required before they can do so, however, is having someone on staff with knowledge of local accounting regulations in the new market. Rather than get someone in the home office up to speed, many firms are opting for hiring a fully remote person to handle the work. And it makes perfect sense. You have someone on the ground to develop the business locally without having to worry about any logistics.

- **The ability to retain relocating employees**

Employees that choose to move away are typically lost for good. With remote audit capability, you can set up a departing employee as fully remote and not have to deal with all the challenges that come with backfilling their spot. No sourcing. No onboarding. No training. Nothing. You get to keep your employee’s knowledge and experience with a simple remote setup — and all the better if the person is relocating to a market that the firm has targeted for potential expansion.

When individual contributors were asked how frequently they intended to be in the office post-pandemic



Key considerations for remote work

Even with the benefits of adopting remote audit technology, it's natural for firms to have questions about whether the investment is worth the resources needed to make it happen. After all, decision makers have bottom lines to protect and, in some cases, boards of directors to report to. So, it's important that they consider all the angles. There are three key considerations for any firm evaluating the potential for a remote working environment: *productivity, turnover, and opportunity*.

Productivity

There has been a persistent question among business leaders about how productive unsupervised workers can be. If there was one thing that the COVID-19 pandemic showed us, it's that most workers could not only be productive in a remote environment, but a majority also thrived in it. According to research cited in the 2020 Forbes Magazine article entitled [5 Proven Benefits of Remote Work for Companies](#), teleworkers were 35-40% more productive compared to people who worked in the office.

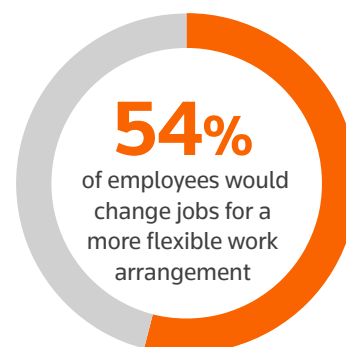
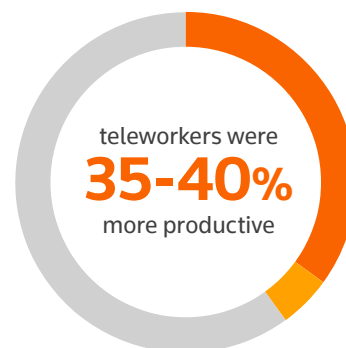
Turnover

That same Forbes article indicated that 54% of employees would change jobs in order to secure a more flexible work arrangement. This is a concept that is not new to most business leaders. The good news: *research found that turnover actually decreased by an average of 12% after a flexible work arrangement was offered to these employees*. So, firms that want to retain the talent they have — in an already competitive employment market — should consider the risk involved with not offering flexible work arrangements.

Opportunity

Firms are starting to see the benefits of allowing remote work and that a virtual workplace can be successful. But they need to be sure that the remote work opportunity is right for each individual employee. The nature of the person's work will dictate, to a large extent, whether a remote working arrangement is even feasible. Another major consideration is whether their personality is right for remote work. There will be some people at the firm who like the idea of remote work, but find they feel isolated or disconnected from the rest of the firm once they get into it. It is important for firms to do some vetting prior to approving remote work arrangements.

According to research cited in the 2020 Forbes Magazine article:



3 best practices for managing a virtual audit team

Once you have team members working remotely, it is necessary to establish some best practices around how the relationship will work. There will be a learning curve for everyone involved, especially if part of the team chooses to work in the office full-time. Here are three best practices to guide you as you build out your firm's remote work program.

1. Promote face-to-face contact

The first best practice of managing a virtual audit team is promoting person-to-person, face-to-face contact. As you begin to make hybrid work arrangements with local workers — and especially if you decide to bring on fully remote workers in new markets — being able to connect in a meaningful way is going to be extremely important. Try to use some type of video conferencing as often as possible. It makes for a more meaningful interaction for the remote employee.

Consider the three Vs of communication as outlined by Lynda Katz Wilner of [Successfully Speaking](#): visual, vocal, and verbal.

- Visual is our body language, and it accounts for 55% of our communication.
- Vocal is our tone, our pace, and our pitch. Vocal accounts for 38% of communication.
- The last component of communication is verbal, the words that we speak, and that accounts for only 7% of our communication.

When communicating via email or another form of written communication, all we get are the words that we see on the page. How are those words being interpreted?

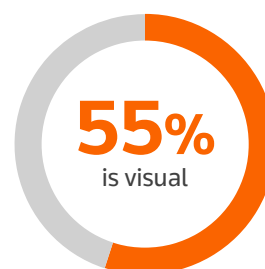
If we don't have a tool to facilitate face to face communication, we're losing over half — 55% — of what is being communicated. When considering written communication, we are losing a whopping 93%. The case for face-to-face communication becomes pretty clear.

2. Be aware of distance bias

Successfully managing a virtual audit team means **involving remote employees in all aspects of work.**

Having some people working remotely and some working in the office has the potential to change the dynamics of the team. In meetings, for example, there can be a difference in how leaders interact with people in the room with them compared to how they interact with the people joining on the phone.

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Distance bias simply expresses that people generally prefer those physically closer to them by geography than those farther away. Distance bias can become especially prevalent in the meeting scenario mentioned above. It's easy to value the opinions of a person sitting across the table from you over those of a person on the phone whom you can't see.

Virtual audit teams need to make a conscious effort to involve remote employees in all aspects of their work to avoid the remote team members feeling as though they are "out of sight, out of mind".

Here are a few ways managers can ensure remote workers feel like part of the team:

- **Recognize or praise remote workers for good work.** Feedback is a gift. Be intentional with your feedback, both constructive and complimentary. Make time to recognize and praise remote workers with the same frequency as those working in the office.
- **Talk to remote employees about career goals and personal growth.** Remember distance bias? Have you forgotten to check in with your employee about career development and personal growth because you no longer see that person on a daily basis?
- **Provide opportunities to connect to remote employees.** Again, make a conscious effort to connect with your remote employees. We always say that the drinks are optional, but a virtual happy hour is a great way to connect with your remote employees.

3. Flexible scheduling

Finally, embrace flexible scheduling. One benefit that public accounting is known for is flexibility. Working remotely means embracing that flexibility, while at the same time, creating a plan to manage it.

Flexible hours, at least during the busiest part of the year, benefit your clients as well as your employees. Modern schedules don't adhere to a strict 9-5 timeline and staff as well as clients will thank you for the added convenience.

There might be people on your team who are better suited to working early in the morning or late at night. Depending on their schedules, these employees could be deployed to serve clients in other time zones.

Promote face-to-face contact. Be aware of distance bias. Embrace flexible scheduling. These best practices for managing remote audit teams can increase employee satisfaction and engagement. And the more engaged your team and your clients are, the more efficient your firm can be.

The importance of communication for remote teams

Communication is a foundational part of managing any team, whether you're virtual or not. As with any team, intentionality must be part of a manager's communication strategy.

Be mindful of your mode of communication. We know that communication is most effective when it's delivered face to face, however, that's not always reasonable so clarity is essential.

The fundamental element of communication is clarity. If people don't understand what you're trying to convey, you're not communicating effectively whether you're in person or on a video call. To that end, you should work to develop a clear and concise message.

Consider your audience and determine the best way to communicate:

- What point are you trying to get across?
- What action or reaction are you trying to get?
- Is your message something that should be delivered verbally in a meeting? If so, should some type of written communication follow?
- Should the message be delivered in a one-on-one phone call?
- Should you text, or send an instant message?

There is no one-size-fits-all method of communication, and you do need to evaluate the needs of every specific situation.

Meeting participation

One of the things to keep in mind when you're working with a remote team, it's essential to understand that team members might be multitasking. It's very common, and we know that it can lead to a communication gap. We want to break that gap.

Consider communicating verbally during a team meeting and sending a follow-up with written notes. Better yet, get everyone to participate during that meeting. Ask for somebody in the group to take notes. It's a good idea to keep team meetings small and limit communication in these settings to only the people impacted by the discussion. The more relevant the message, the more likely the meeting participants will be engaged.

Open dialogue

One element of a successful remote audit team is using open dialogue. Open and honest feedback is an important element for any team.

Feedback is a gift. It should be constructive and delivered from a place of genuine caring. Constructive criticism and feedback should be delivered in-person, ONLY. Any written communication should come after you've first had a face-to-face discussion.

Generally, team members have a desire to do good work and this open, honest feedback is a way to accomplish the best outcome for both a team member and the team as a whole.

When you're working in a virtual environment, clear, open communication is absolutely critical. Facts and circumstances are going to dictate the best approach, whether you're in a group meeting or a one-on-one phone call.

Communication is a two-way street

Remember that communication is a two-way street. If the first fundamental element of communication is clarity, the second is active listening.

Active listening means you're making a conscious effort to be present, so that you truly receive the full message and feedback being conveyed.

Active listening requires your full attention. Refrain from multitasking. Active listening is another good reason to use your video camera in your meetings. Using video technology allows you to make eye contact and to use body language to show that you're engaged.

Also, remember that you cannot talk and listen at the same time. Always allow anyone who is speaking to finish their statement before you respond and show that you're curious about what they have to say. Don't use the time the other person is speaking to formulate your rebuttal, instead, clear your mind and focus on their statements and give them your undivided attention.

Client engagement best practices

Properly handling client engagement is essential to any successful business relationship but there is no one-size-fits-all approach. Every client is different, and so is every engagement. The trick is to start with a client engagement model that works for your firm and finesse your approach to fit each client's specific needs. Here are four best practices you can use as you begin to formulate your client engagement strategy:

1. Identify the client's preferred communication methods

There is a growing number of communication methods available to engage clients, many of which we've already discussed in this white paper, including in-person meetings, video conferencing, and phone conversations. While most of your clients would likely be comfortable with any of these, it is also likely that each of them has a preferred communication method. Uncover that preference and fully accommodate it.

2. Schedule face-to-face touchpoints with the client's key personnel

Many business relationships have been managed successfully over the phone, but there is no substitute for face-to-face communication. While in-person communication is still off the table for some firms and clients, video conferencing should absolutely be part of the initial client engagement conversation. Not every interaction needs to be face-to-face, but a regularly scheduled in-person or video meeting would likely be welcomed by most clients.

3. Treat scheduled fieldwork as if the team is on site

When doing fieldwork for a client, it is important that you do your best to schedule it during the client's regular business hours. If you have clients that like to work from 6:00 am to 4:00 pm, you'll want to schedule your fieldwork during that time, if possible. Treat scheduled fieldwork as if you were on site. Everybody gets there at the same time, and everybody leaves at the same time.

4. Understand the new remote audit processes and outline clear expectations with the client

As you begin performing audits remotely, there will be certain aspects of the work that fundamentally change. Gathering evidence, observing inventory, and other aspects of the audit that were traditionally done in person will need to be addressed. It's going to be a new experience for the client as well, so consider the changes they will experience and do your best to communicate them ahead of time. It's important that you do a thorough review of the entire process, so you have a clear understanding of how things are going to go, and the client knows what to expect. And, as always, keep those crucial communication lines open. Communicate with your clients early and often to ensure a productive experience.

Remember: Creative accounting puts people in jail, but it's okay to have creative auditing

When the world was thrust into performing remote audits at the beginning of the COVID-19 pandemic, efficiency wasn't top of anyone's mind. As time has gone on though, auditors have adapted, and efficiency is once again a priority. Even with the many changes to ways of working necessitated by a remote environment, efficiency is still key to the success of a remote audit program.

Now, a couple of years into the COVID-19 pandemic, accounting professionals and their clients alike have learned what is needed to operate in a remote environment, and both have developed some efficiencies to help the process move along more smoothly.

Accounting professionals must be creative to make remote audit processes work. Creative is a term that gives many accounting professionals pause, and for good reason. Creative accounting can land people in jail. But creativity in the remote audit process is encouraged and has proven to be quite successful for many firms.

Finding efficiencies in the way your firm gathers evidence, performs risk assessments, and identifies new risk for clients are all going to be essential to a successful remote audit program. But never forget, no matter how much the methods change in a remote audit environment, the standards stay the same. Even — or perhaps especially — in a remote environment, you must maintain the same amount of professional skepticism and ensure audit quality.

Adding time for risk assessment can make your audit more efficient.

Be mindful of new risk. New risk might involve fraud, or internal controls. Perhaps you have a client with declining profit margins, going concern issues, or impairment. Ensure enough time for planning procedures. It's hard to over-emphasize how important risk assessment procedures are, whether doing audits in person or remotely.

Logistics in remote auditing

In-person audits are second nature for accounting firms, but the logistics are a bit different in a remote environment. Here are three items to keep in mind as you develop your remote audit strategy:

- **Client availability:** It's hard to know where your clients are in the process of remote business continuity and their ability to access the information you need to conduct the audit. They may need to be in the office to get some of the information you need, so it's good to do some pre-planning ahead of time to ensure that everything goes smoothly.

- **Obtaining client records:** If the client can send you records electronically, it is important that you have a secure way to receive them. It's dangerous to send sensitive information via email, and read-only records could fall short of the level of access you need to get into the data. Many firms have been successful in using [secure client portals](#) to safely transfer records. If your firm doesn't already have the technology, it's worth looking into secure portals for this purpose.
- **Don't forget about communication:** We've talked about it a couple of times already, but communication is the foundation of your remote audit program. Think about communication with your engagement team members and your clients. Having a clear communication plan will go a long way toward ensuring a successful remote audit launch.
- **Documentation:** We also might consider the retaining all of our email and electronic communications as that might help us meet the documentation requirements for our audits. For the work papers, either include the relevant portion of the electronic communication or document the details of an email communication the same way that you would document an in-person conversation conducted on site, the way we use it as audit evidence.
- **Practice professional skepticism:** Above all, when performing a remote audit, you must remember to practice professional skepticism and stay alert to the quality of evidence and whether the evidence is sufficiently appropriate for the audit.

Collaboration tools for remote audit

Collaboration is key to the success of any remote audit program. That goes for collaboration among your team, and collaboration with your client. Prior to the pandemic, most collaboration took place in the form of team meetings in the office or client visits — which are both excellent options. However, in the context of a remote audit, there needs to be others such as:

- Video conferencing options such as Microsoft® Teams, Zoom, and Webex
- Productivity tools that allow a business to access information with ease, in or out of the office, like Microsoft Office 365 or Google Documents.
- File sharing tools like the secure web portal in Thomson Reuters® [GoFileRoom](#), Dropbox, or Google Drive.

The good news is due to internal changes to their own operations during the COVID-19 pandemic, many firms already have some of these technologies in place. In addition, there are many [cloud-based audit solutions](#) available to help you perform the actual work.

Conclusion

Remote audit engagements offer unprecedented flexibility for both clients and firms. And while firms may need to establish some best practices around communication, processes, and logistics for remote audit teams, there is no doubt about the benefit to both them and their clients.

The success of any remote audit team rests on building a collaboration toolbox full of software tools and strategies to ensure clear communication with team members and clients, ensuring that all involved have the ability to send and receive necessary information for the audit to be completed effectively and accurately.

Learn more about remote audit solutions from Thomson Reuters below.

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A comprehensive cloud-based audit engagement management tool, **AdvanceFlow** offers full trial balance capabilities, workpaper management, financial statement reporting functionality, and real-time collaboration. Complete several tasks simultaneously with customization options that increase workflow efficiencies. No downloads, software updates, or versioning to impact productivity.

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Checkpoint® Engage: an automated and risk-based methodology to perform audits, reviews, compilations, and preparation. With **Checkpoint Engage**, you can instantly access audit data from any location with simplified workflows that eliminate worry about transferring, backing up, restoring, or refreshing audit files; access live data simultaneously fostering team transparency and confidence, plus coordinate multi-location audits, easily connecting global field work with real-time collaboration; design a risk-based audit approach for any size engagement using PPCs top down risk based workflow design; benefit from expert guidance from our PPC content authors; and minimize version control issues with web-based audit planning, workflow management.

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