



WHITE PAPER

3 keys to the future of audit

The future of audit is here, and it's more powerful,
efficient, and collaborative than ever



“Innovation is change that unlocks new value.¹”

Jamie Notter, speaker, author, and consultant



¹ “What Is Innovation?” Jamie Notter, 30 June 2015, jamienotter.com/what-is-innovation

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It is no secret that the audit profession is in the midst of profound change. Increased client demands, evolving regulations, and the dawn of AI are reshaping the profession. However, this transformation brings with it both challenges and opportunities to be unlocked for audit firms who hold the keys.

According to the [Thomson Reuters Institute Audit Survey](#), many respondents agreed that their audit firms must evolve in their adoption of progressive technology like AI. While they've considered how systems like GenAI could enhance their audits, they also stated that achieving this transformation is daunting, in part because of the perceived shortages in qualified personnel who are most capable of understanding and exploiting the benefits of these technologies.

Attracting and retaining talent and ensuring compliance with professional standards are also critical considerations. Most firms do not have the resources, bandwidth, or time to implement highly disruptive changes, and new technologies must be adopted with due care to ensure compliance with professional standards and avoid jeopardizing peer review.

In the following pages, we delve into three essential keys that will shape the future of audit: the ability to adopt and sustain AI-powered innovations, the capacity to attract and retain top talent, and the commitment to maintaining compliance with professional standards.

Key #1: Adopting and sustaining AI-powered innovation

With the exponential growth of big data and influx of progressive technologies, innovation has been and continues to be critical to the success of audit firms. The strategic insights that can be derived from structured, unstructured, and semi-structured data are significant, enabling firms to remain competitive and relevant.

In many respects, the technological advancements needed to succeed are present and available for firms. The challenge for many is finding ways to sustain innovation. As noted previously, this involves consistent, continuous progress toward the future to ensure that your firm remains relevant and competitive but doing so in a way that does not completely disrupt your firm and your processes.

Thanks to advancements in technology, auditors are no longer confined to limited amounts of data. They are now able to transform data into insights to identify risks, uncover opportunities, and integrate it with the knowledge that extends beyond the financial statements. In other words, they have the ability to think holistically and promote innovation. This, of course, begins with ensuring the quality and integrity of data.

Data: Quality over quantity

The quality and integrity of data is paramount, and auditors must have confidence that the data is clean. Analysis based on bad data is not only unhelpful — it results in wasted work and can even be detrimental to the reputation of the firm.

Gathering data in disparate forms from various sources increases the risk of unclean data or errors occurring during the data gathering process. That's why quality checks are so important before diving into any data analysis.

Data quality is based on the following:

- Verification of completeness
- Accuracy
- Data integrity to ensure it has not been altered
- Consistency in data formats, naming conventions, and precision
- Multiple data source agreement
- Exportability and portability
- Cost effectiveness considering the effort and time required to obtain, clean, and verify the data

Unfortunately, sometimes there are barriers to data access. When a client has numerous accounting systems, all containing different sets and types of data, it presents potential challenges for auditors. Data existing in disparate forms and locations increases both the risk of unclean data and the time and complexity necessary to even access data.

The solution to this risk is to use a high-quality data ingestion service provider that offers connectors for the accounting systems that your audit clients use. Such a service can make ingesting, cleaning, and standardizing data a highly efficient process, and this is a critical first step in a data-driven audit.

Data analytics: Unlocking insights

Data analytics, which is essentially the science of examining raw data to draw conclusions, is not new to auditors. The profession has used analytics in various forms for years. Firms are increasingly using more sophisticated data analytics to deliver high quality audits in less time and in a less labor-intensive way.

As outlined in a [recent article](#) by the Association of Chartered Certified Accountants (ACCA), the increased access and manipulation of data and the consistency of application of data analytics tools can increase audit quality and efficiency in numerous ways. These include²:

- Thorough data analysis with dashboard displays to detect anomalies/outliers
- Improved risk identification with directed testing
- Efficient processing of large data volumes for better focus on risk areas

The adoption of cloud technology is no longer optional but necessary. Those who have not yet transitioned to the cloud are at risk of falling behind in the evolving landscape of audit practices.

- Easy manipulation of data for audit testing, including sensitivity analysis
- Enhanced fraud detection through interrogation of all data
- Testing segregation of duties
- Adding greater value to audits with insights from data analytics

Several examples of the use of data analytics to perform audits include, but are not limited to³:

- Matching purchase orders to invoices and payments
- Comparing the last time an inventory item was purchased with the last time it was sold and at what price
- Analyzing revenue trends by product and region
- Testing segregation of duties by identifying combinations of users involved in processing transactions from the metadata attached to transactions

Further, AI-powered systems can enable audit firms, in their assessments, to better identify pertinent trends, locate anomalies, and fully assess any high-risk areas. Through streamlining and automating risk assessment procedures, audit firms can achieve greater consistency in predictive analytics, which in turn could lead to more in-depth risk assessment results.

As audit firms increasingly rely on data analytics for comprehensive insights and enhanced audit quality, it becomes evident that the infrastructure supporting these data-driven processes is equally crucial.

Leveraging the cloud

The migration to cloud-based solutions has been underway for some time, but in recent years it has certainly accelerated adoption as firms move to remote audits. The reality is that in today's tech-driven environment, the cloud is vital for firms.

The cloud brings indispensable value to the audit process and is expected to become a standard tool in the auditor's toolbox. This technology offers significant efficiencies, drastically reducing the time spent on audits.

Cloud-based solutions provide several key benefits for auditors, including:

- Unified access to the same data and source information for all audit team members, facilitating quick and seamless collaboration.
- Consistent file organization across the team, leading to a more efficient and frictionless experience.
- Enhanced data security through encryption and access controls, ensuring that individuals only see the data relevant to them.

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² "Data Analytics and the Auditor." ACCA Global, accaglobal.com/gb/en/student/exam-support-resources/professional-exams-study-resources/p7/technical-articles/data-analytics.html

³ "Data Analytics and the Auditor."

Not only does AI help bridge talent gaps, but it also supports audit staff in terms of talent development, engagement, and retention.

Key #2: Attracting and retaining talent

According to the 2024 State of the Tax Professionals Report, talent is a top priority for firms, with many directing more of their energies toward hiring, training, and retaining quality people, as well as cultivating a healthier, more sustainable work culture.

After all, according to the Thomson Reuters Institute Audit Survey, 58% of firms see attracting and hiring skilled professionals as the top challenge they are facing, with another 41% citing retention of staff as the biggest challenge.

Perhaps what makes the audit talent landscape particularly challenging is the fact that many firms aren't just looking to fill positions. They need candidates with substantial technical knowledge and the mental agility to handle unexpected situations. Additionally, many firms are facing significant bandwidth and resource constraints, and numerous firms have more work than they have the staff to handle.

When asked how their firms intended to maximize retention and tackle talent challenges, almost half (49%) of respondents from the State of the Tax Professionals survey said their strategy was to increase salaries and offer other incentives such as bonuses and better benefits.

While increasing salaries and offering bonuses are immediate solutions to retention, investing in progressive technologies like AI presents a strategic approach to attract tech-savvy professionals eager to advance their careers.

Interestingly, while technologies and automation can help fill skill gaps, they can also be used as a recruitment tool. Firms that utilize progressive tools like AI are often better positioned to hire and retain staff who want to build their technical skills and become more productive and efficient.

So, not only does AI help bridge talent gaps, but it also supports audit staff in terms of talent development, engagement, and retention. By leveraging AI-powered automation to address talent shortages, audit firms can increase efficiency and insight, while opening up value-added roles that enable staff to focus on more fulfilling and rewarding work.

The result is a happier, more engaged audit team, a reduction in staff turnover, and insightful data-driven analysis that enhances the client experience.

58%

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4 "Future-Proofed: How Technology Is Driving Change in Finance and Audit", KPMG, 27 Oct. 2021, audit.kpmg.us/future-proofed.html

5 "The Future of the Audit in 5 Predictions."

BDO, bdo.com/insights/assurance/the-future-of-the-audit-in-5-predictions

6 "IRS Issues Among Top Challenges for CPA Firms, AICPA Survey Finds" American Institute of Certified Public Accountants, aicpa.org/news/article/irs-issues-among-top-challenges-for-cpa-firms-aicpa-survey-finds

7 "Finance and Account Hiring Trends 2023." Robert Half, 14 Feb. 2023, roberthalf.com/employment-trends/finance-and-accounting

With a cloud-based audit suite, you can easily access a wide range of resources, including customizable templates, checklists, and practice aids.

Technology is key in winning the war on talent

Providing auditors with the innovative tools and resources they need to work more efficiently and with greater flexibility can prove game changing for firms struggling with strained bandwidth. Engagement suffers when employees feel they don't have the technology and resources needed to work effectively and further develop their skills.

However, many firms have more work than they can staff for, so the majority do not have the resource bandwidth or time to implement new, disruptive processes or execute pervasive change management projects. This is, however, where technology can make a significant difference.

By leveraging a cloud-based, end-to-end audit solution, firms can improve efficiencies with real-time digital collaboration between audit teams and clients. This enables auditors to work faster and smarter, regardless of their physical location, and better serve clients. Time spent toggling between disparate systems, pushing data back and forth between systems, can be eliminated. This frees up time for auditors to better serve clients with more informed insights and higher quality audits.

This also enables firms to provide staff with a greater work-life balance. It is an important factor to consider, especially in light of research revealing a connection between a greater work-life balance and high-quality audits.

Technology to improve working efficiency

From a workflow perspective, many auditors feel as though they are over- or under-auditing. And without the ability to roll data forward or efficiently build an audit program and edit checklists, many firms are missing out on valuable time savings. Not to mention the time it takes to stay on top of industry-specific guidance, changing standards, and collecting, managing, and keeping track of PBC documents.

On top of all that, managing collaboration, file exchange, synchronization, and data access — including the time it takes to import trial balances, get financial confirmations, and build or update financials and lead sheets — can be an enormous challenge. This is especially true when multiple staff members are working on the same audit from different locations.

With a cloud-based audit suite, you can easily access a wide range of resources, including customizable templates, checklists, and practice aids. These tools are designed to simplify the audit process, allowing you to focus on the critical aspects of your work rather than getting bogged down with administrative tasks.

How? A roll forward feature can provide engagement information, reporting periods, dates and indexing, trial balance, and workpaper settings for the subsequent year's audit file. The power of AI can help you see how your firm's identified risks stack up to similar industry engagements. And a secure, digital platform and global network for confirming financial data confirmation can cut confirmation time from weeks to days.

8 "Work-Life Balance Is Associated with High-Quality Audits: American Accounting Association, 13 July 2021, aaahq.org/Outreach/Newsroom/Press-Releases/7-13-2021-Work-Life-Balance-Is-Associated-with-High-Quality-Audits

When firms leverage cloud-based solutions that enable auditors to work anytime, from anywhere, it tears down geographic borders and significantly widens the pool of job candidates.

Enhancing work-life balance

According to the Thomson Reuters Institute Future of Professionals Report, 24% of professionals stated that they would choose to spend their time enhancing their work-life balance, pursuing additional hobbies, or simply resting.

When asked about the potential improvements to the value of their work that technology could bring, professionals also identified three levels in which AI can deliver greater value:

- Freeing up time
- Increasing efficiency and productivity
- Directly adding value to work

More than half of professionals said they were most excited about the value that new AI-powered tech could bring in terms of time savings. This time saved through AI and cloud technologies translates directly into improved work-life balance. As repetitive tasks are automated, professionals can focus on higher-value work during regular hours, reducing the need for extended workdays and improving overall job satisfaction.

AI-powered cloud solutions not only increase efficiency but also provide flexibility in work schedules. This flexibility allows professionals to better manage their personal and professional lives, leading to improved work-life balance. For instance, automated processes can reduce overtime work during busy seasons, allowing auditors more time for personal pursuits.

Additionally, when firms leverage cloud-based solutions that enable auditors to work anytime, from anywhere, it tears down geographic borders and significantly widens the pool of job candidates. No longer constrained by state and city lines, firms can hire top talent to work remotely regardless of where they live. This remote work capability also enhances work-life balance by allowing professionals to eliminate commute times and work from locations that best suit their lifestyle, integrating work more harmoniously with their personal lives.

Having a comprehensive solution in place that can manage the full spectrum of audit tasks in one place to save time and improve efficiencies, as well as having a trusted partner to help your firm safely move into the future with advanced audit technologies, are key ingredients to attracting and retaining talent.

The synergy between AI, cloud solutions, and enhanced work-life balance is reshaping the audit profession. By leveraging these technologies, firms can not only improve efficiency and quality of work but also offer a more attractive work environment that prioritizes the well-being of professionals. This holistic approach to leveraging technology is vital to winning the war on talent in the modern audit landscape.

8 "Work-Life Balance Is Associated with High-Quality Audits: American Accounting Association, 13 July 2021, [aaahq.org/Outreach/Newsroom/Press Releases/7-13-2021-Work-Life-Balance-Is-Associated-with-High-Quality-Audits](https://aaahq.org/Outreach/Newsroom/Press-Releases/7-13-2021-Work-Life-Balance-Is-Associated-with-High-Quality-Audits)

Case study: Forrestall CPAs

Forrestall CPAs is a leading metro Atlanta CPA firm offering a full range of services. Founded in 1978, the firm was voted the Best CPA Firm in Gwinnett County for fifteen years by *Gwinnett Magazine*. It was also ranked in the top fastest growing CPA firms in Atlanta for six years by the *Atlanta Business Chronicle*.

In recent years, like many firms in the industry, Forrestall CPAs faced challenges and rising pressures due to an evolving profession. The firm, which is a long-time user of Thomson Reuters® products, implemented Cloud Audit Suite in late 2022 and has been fully up and running since the start of 2023. Since then, they've found it much easier to streamline the audit process, from IT support to ease of client access.

One of the most notable improvements was in client communication. For example, the firm uses what it calls a "Prepared By Client (PBC) checklist" that is sent out to clients for an audit, detailing what is needed, from whom, and when. With client communication available right from Engagement Manager, this process is automated, saving them significant time. Plus, the ability to customize the template to fit their needs has further enhanced efficiency.

"The sooner we can get the data, the better our efficiency and realization is," says Jeff Forrestall, CPA & Managing Partner.

In addition, the firm can give immediate access to peer reviewers, which has been particularly beneficial in intricate auditing scenarios. When swift and secure sharing of large files for due diligence purposes was necessary, the team found that the ability to securely copy over what they needed quickly was a game-changer.

"We can't find more staff," Jeff says, while also mentioning the limits on his ability to increase prices. "The only thing I have left is to become more efficient."

And with the help of data analytics and smarter intelligence in Engagement Manager, Jeff and his team are becoming more efficient, finding more fraud and helping clients with controls. Not only that, but they've seen a 30% increase in time-savings.

This increased efficiency has also positively impacted staff retention. Employees are more engaged and motivated, as they can now focus on more strategic and analytical tasks.

"We talk about whether AI is going to replace humans," says Jeff. "Never. Auditors are stronger than ever."

The implementation of the Cloud Audit Suite has not only streamlined processes and increased efficiency, but it has also fostered a culture of innovation. This transformation has positioned Forrestall CPAs to be well-equipped to meet the challenges and opportunities of the future.

As the accounting and auditing landscape continues to evolve, such adaptability will be crucial for firms to thrive and meet the diverse needs of their clients.

Firms must employ a guided engagement process to perform efficient and profitable audits that comply with professional standards and pass peer review.

Key #3: Ensuring compliance

Foundational to success in the future of audit is ensuring ongoing compliance amid a complex and ever-changing regulatory environment. Firms must employ a guided engagement process to perform efficient and profitable audits that comply with professional standards and pass peer review.

And in an increasingly remote environment, it is important that auditors can keep up with regulation changes on the go and share information while simultaneously accessing and working on engagements in the field or anywhere else.

This can be achieved through a fully integrated online solution that enables firms to manage all types of engagements (i.e., financial statement audits, single audits, reviews, compilations, and preparation), increase accuracy, and simplify the audit process.

When evaluating solutions, consider one that includes the following features and capabilities:

- Cloud-based solution for easy, simultaneous information sharing, access, and work on engagements
- Builds a customized audit program based on a firm's risks and assertions to prevent over-auditing
- Engagement templates creation with industry-specific content to meet SSARS, SAS, and PCAOB PCR requirements
- Engagement roll-forward feature that saves time by avoiding recreation and rekeying for each tailored engagement
- Trusted audit content for all industries audited
- Efficient process for transferring and receiving client engagement files
- Enhanced security and control over sensitive data
- Step-by-step guided engagements with expert commentary and complete engagement and representation letters
- Alerts and diagnostics to avoid overlooking unresolved issues
- Dynamic, cloud-based solution for single audits

A guided engagement process and a fully integrated online solution with the above-mentioned features can help firms conduct efficient and profitable audits that comply with professional standards and pass peer review.

Modernization does not need to be revolutionary. It can be incremental, evolving over time rather than happening all at once.

Dispelling the myth of disruption

In today's rapidly evolving audit landscape, it's important to dispel the myth that to be an auditor of the future, you must radically overhaul your audit technology and methodology. This is simply not true — and the perception that integrating new technologies must be highly disruptive is likely contributing to slow technology adoption among auditors.

While no single obstacle stands in the way of audit firms adopting next-generation technologies, the delay in adoption could stem from a variety of challenges. According to the Thomson Reuters Institute Audit Survey, many respondents said their firms lack the resources, the personnel, and quite simply the time to integrate new technologies into their operations.

However, modernization does not need to be revolutionary. It can be incremental, evolving over time rather than happening all at once. Given the limited time between audit cycles, it's practically impossible to revamp both audit technology and methodology in a single year. That's why taking a gradual, evolutionary approach is essential.

It's also important to note that the core fundamentals of audit will remain intact. What's changing is the ability to integrate modern technologies into your workflow seamlessly. Since auditing is a high-stakes service, it's critical not to rush into a major transformation.

To ensure ROI on your investment, it's important to choose providers with long-term stability who can partner with your audit firm to deliver the latest tools and technologies in a way that works best for you.

While auditors don't need to become data scientists, the profession is increasingly becoming more real-time and forward-looking as firms look to not only provide basic audit value, but to also deliver higher value insights to clients. And advances like AI-powered audit technology can help you do just that.

In fact, an article published in the *ISACA Journal* suggests that the new auditing role could spawn additional advisory and value-add opportunities such as⁹:

- Providing effective feedback to top management
- Performing adaptability testing of new technology
- Giving continuous input for improving processes
- Improving operational standards
- Handholding implementation of standard operating procedures (SOPs)

Having a clearer understanding of the keys to the future of auditing can help firms overcome challenges and provide greater results and a better overall client experience.

As auditors integrate AI-powered tools and other advanced technologies into their workflows, they're positioned to offer more than just basic audit value, encompassing real-time, forward-looking insights and value-added advisory services.

Ultimately, firms that can navigate this evolving landscape — balancing traditional audit principles with innovative technologies and expanded service offerings — will be best equipped to overcome challenges, deliver superior results, and provide an enhanced client experience.

⁹ "The Evolution of Audit in the Wake of the Pandemic." ISACA Journal, 15 Feb. 2022, isaca.org/resources/isaca-journal/issues/2022/volume-1/the-evolution-of-audit-in-the-wake-of-the-pandemic

Embracing the future of auditing

The audit profession is rapidly changing, and keeping pace can prove challenging for firms as they navigate strained bandwidth, increased client expectations, regulatory changes, and an influx of innovative technologies.

As the world moves towards a more automated and data-driven audit environment, it is becoming increasingly clear that the right tools and technologies can make all the difference in driving efficiencies, increasing confidence, and ultimately, delivering better outcomes for clients.

In this evolving landscape, firms need a reliable partner to guide them through the adoption of advanced audit technologies. This is more than just integrating new tools into your audit workflow. It includes the necessary guidance to ensure your firm, and your audit staff, apply these new technologies in ways that both drive new efficiencies and pass peer review.

The future of audit is here, and it's more powerful, efficient, and collaborative than ever before. It's time to leverage cutting-edge technologies and innovations to revolutionize your practice and keep pace with the changing industry landscape. Seize the opportunity for innovation and empower your firm to thrive in the new era of audit.

Meet the future and stay ahead of the competition with the Thomson Reuters Cloud Audit Suite

— a powerful platform that leverages the latest in cloud technology to enable seamless collaboration, streamline workflows, and automate many of the manual processes associated with audit.

To learn more about the future of audit, watch our on-demand webinar [Future-proofing audit firms: Embracing modernization and technology](#).

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