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Hello, and welcome to a series of podcasts brought to you by Accounting and Business Magazine. In this series, we'll be exploring current trends affecting the profession and how the professional accountant can respond to these changes. We speak to experts, including ACCA members from a range of fields, to bring different perspectives and practical advice.

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Hello, I'm Monique McKenzie, Global PR Officer at ACCA. Today we're talking to Deloitte's Katie Canell and James Brighton about how technology is changing the role of accountants in practice. Katie is Managing Director responsible for evolving and implementing the UK and Global Audit Product Strategy at Deloitte. She heads up a team developing the long-term vision of the purpose of audit. James is a Partner in Tech Innovation and Analytics Leader in the UK practice. Together, we'll be looking at what the role of auditor will look like in the future and, more specifically, recent developments in the use of data analytics and technology more generally in audit. Welcome to you both.

01:15

Let's get started. What changes have you seen over the last few years in audit technology?

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Technology has evolved quite rapidly within the audit product. One of the main things that I've seen is that the technology being used by auditors has been fundamentally designed by auditors as well. Auditors have really been involved in identifying the key risks and creating the demand for products to be utilised in an audit. That's due to a combination of auditors being more inquisitive and the design process for technology that involves auditors. Once that data is understood, once the standardisation of data requested by clients and focus areas is achieved using technology, that allows for a better understanding of how to implement the technology itself. There's also been a lot more automation within the audit process. Monotonous tasks are being replaced or repeated by technology, which benefits the end auditor or end user of all technology and provides auditors with more time to investigate key issues.

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How are developments in technology changing the role of auditor? And what skillsets are you looking for now that might be different from audit skills in the past?

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Let's take the first part of that question, Monique. If you stand back and think about the overarching purpose of audit, it's to promote confidence in the users of financial statements, promote trust in the capital markets. And technology is a really significant enabler of that. There's two points I would draw out. The first is how the technology embedded in the audit approach is shifting the type of focus analysis that auditors can do in areas of key judgment. James referenced automation – less time needs to be spent on low-risk, low-judgement, repeatable tasks. But then, with analytics and artificial

intelligence, we're able to have a richness of data that we didn't have before. So the ability to connect that data, to understand the correlation between data points, and to bring together different types of data (financial data, but also non-financial data) is really powerful. And that's changing the way we look at risk assessment and judgements in our audit. There is that shift in technology that really enables us to look at risk assessment in a very focused way, pinpointing the focus of that risk, which is driven by enhanced datasets. The second thing is that advancements in tech embedded in the company environment create a new landscape for auditors. So there are lots of opportunities there. But there are also lots of new risks, business risks which, as auditors, we need to respond to. So the focus tilts to understanding that interplay between complex systems, the controls that a company has in place around the input data, the integrity of that data, the rules that have been put in place, the parameters embedded in the technology that drives the outputs. So it's a really important part of the audit which didn't exist to the same extent five to 10 years ago.

04:54

Just to chip in there, some of the core skills that auditors have anyway – scepticism, curiosity, the analytical mindset and ability to break down problems – all the things that you look for in an analytical individual, are important for using and developing technology as well. We quite often find that auditors have a really important role in technology teams and analytical teams. And we can utilise that same skillset of the auditor in building and designing technology and actually applying the output as well. So it's a really, really valuable element. Of course, as we see graduates coming through, you do see certain skillsets linked to advanced maths and people that have gone through qualifications which require predictive modelling of some sort or applying different programmes to different scenarios, you do see more knowledge of how to apply and utilise different applications and technology and the skills associated with that. So it's quite similar ground really.

06:13

I think that point's really important, James. It's that blend of skillsets which I think is really changing. The core skillset that you associate with an auditor, the professional scepticism, the curiosity, the analytical mindset, and, of course, the technology capability, the understanding of accounting standards and auditing standards, that's obviously taken as read. That's still critically important. But again, the blend is shifting around that sort of professional scepticism, understanding the bias that might exist within technology, the increasing complexity of the environment that auditors are working in. So it's not just the tech lens, but also thinking about the current business landscape. You need to have a really strong awareness of common psychological biases which might be driven by the complex landscape that we're in at the current time and the pressure on business. Understanding the risk of bias in our own judgments as auditors, understanding the risk of bias in the boardroom. I think auditors need real enhancements in their skillsets, some of which are soft skills, some of which are technical skills.

07:27

Sorry, just to add another point there. One of the really important parts of using technology is the visualisation and creating pictures and outputs that are important and explain why things need to be investigated or explain key risks. That's something that an auditor has always had to do. They've always had to present key output, key challenges, key problems that have been solved, utilising their typical core skill sets anyway. And visualisation is such an important part of the end picture of analytics

in particular. We see audit skills really playing into the design of what we're visualising and how we create pictures and vision through the use of technology. That is also a very important part of that skillset.

08:16

So would you say that the audit profession is attracting different types of people, given these changes in technology?

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Certainly from my perspective of running a technology and analytics group within audit, I think we're seeing a much higher percentage of data scientists and data engineers, those with computer-programming skillsets, who are realising that the audit profession will allow them to look at and utilise big data. They'll get to do lots of programming work, lots of construction of tools and technology, and therefore the profession itself is naturally generating real interest. I think there has been quite strong views about making use of technology. Another really interesting point relates to career path. In my group now, around 10 to 15% of the team are auditors. People who trained as auditors have moved into the analytics and technology space, because we've found that having auditors in that group really improves the design principles of what we're building and helps with the end user experience. It gives auditors the ability to utilise their core background and training, and to start to specialise in particular areas of audit for different industries. It gives them a real chance to develop a different career path. It's been really interesting to watch how that's evolved over time. Certainly in my time in an accountancy firm, I've seen that move.

09:50

In addition to that, beyond just the technology change, there's been a shift in narrative around the purpose of audit and the broader public-interest lens that audit has, and a focus on how auditors drive trust in the capital markets. That focus is shifting to broader environmental, societal matters, matters in the public interest that go beyond the financials. There's increasing recognition of the critical role that auditors play within the capital market ecosystem and the fact that auditors have a responsibility to provide an independent perspective, which helps promote trust. By doing that as an auditor, you get a real insight into the business controls, the key judgements. It's an opportunity to develop really deep business acumen, to understand business models and to develop specialisms, as James said. That broadening into the public interest arena in a far more focused way is attracting a different type of individual as well.

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Are soft skills more necessary now, given the continued need for the auditor to challenge and assess judgements in an increasingly complex environment?

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Soft skills have always been critically important. It's critically important to be able to challenge effectively, to communicate effectively, to be able to read the room, and to be able to understand any biases that might exist, as I said before. So I think soft skills are absolutely critical and need to be developed throughout the auditor's training as a critical part of their development.

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For young auditors, is this something that they can learn? Obviously, they have less experience of demonstrating these skills. How can they develop them and deal with clients and work well with their teams?

12:00

Most auditors who are using technology or analytics in their deliverables will have to be aware of the data that's used for processes that are embedded within the technology. That awareness of data issues creates a natural place for auditors to understand what drives the use of technology, and also when the output comes out of the black box or out of the calculation. It's very important for them to understand the things that have impacted those answers. That will help them understand the pragmatic input. Every time that we're involved in building and designing new tech for the use of auditors, it's really important that the audit teams that will be using it really understand what the engine does or what the tech does, the tech that's taking data from a raw state into a calculated output or calculated use. The training development material for auditors now is much more varied and includes elements related to technology. So there's a broader understanding of how to utilise analytics and how to apply it in the right context.

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I mentioned visualisation before, but the use of visualisation itself and the software link to visualisation has taken over from PowerPoint in terms of the way output is presented. It's much more interactive; stress scenarios and visualisation of different parameters on a given calculation now come out in that visualisation. Auditors have learnt to drive the modelling, if you like, from the output onwards to the client demonstration, so they'll get a real chance going through the pathway. As I said, the fact that someone like me in my role is now very involved in the auditor career pathway, from graduate all the way through department level, means that we're making sure that the technology mindset is being used for different purposes. How you implement it is a really important part of success. And it gives trained auditors a great opportunity to learn new skills.

14:21

Again, coming back to the soft skills point, I think there's a huge opportunity for young auditors coming through to learn from those around them. If you look at the audit partnership structure, there's a fantastic opportunity to learn from the senior people you're working with on a day-to-day basis. There's a real broad network of people within the business. There's the opportunity to work as part of a close-knit team alongside senior managers, directors and partners who are experienced in navigating challenging situations and reading the room. So having that safe environment to learn, to listen, to observe, to learn actively from those around you in real-life situations, is really important for supplementing the existing training as well. As part of that, having an open feedback mechanism in place, to be able to sit down at the start of a project and understand where your development areas are, all of those skills are really important for assessing where you want to get more experience and where you want to develop your skillset. Ensuring that those channels are open is really important. But

just because an auditor is more junior and less experienced, that doesn't mean they have less to bring to the table. Learning continues throughout your career. There's absolutely recognition that young auditors bring real diversity of thought, they bring a fresh perspective, different skillsets and different mindsets. I think all of that is really important, particularly at a time where we're looking at how to transform our profession for the future.

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We've certainly found that, quite often, it's the junior auditors who perform some of the root tasks. They identify opportunities and design the types of things that can be replicated, or have that natural inquisitive nature which allows them to challenge certain processes, which gives you a great chance to scope. I just want to pick up on a point that Katie made as well. One of the challenges we've faced during COVID is creating the right environment for people to learn from each other within the audit context. Obviously, we have the concept of an audit room or data room. Now we're using a virtual approach. We have Teams calls open or Zoom calls open, and people will drop in and out of an audit project room or Teams room during the course of the day. In the face of some challenges, we're actually making use of technology to create environments so that people still have the experience of working within a team, understanding and learning from each other, listening to other people's challenges and concerns. This allows the juniors to learn some of those softer skills and creates opportunities for people to challenge each other in a virtual way. So that's been a really important addition to how we've been developing. We've given auditors the chance to have that experience, even when we've been working remotely.

17:24

For professional accountants who want to keep up to date with the latest tech developments, what's the best way that they can do that?

17:32

I think there's a couple of things, whether it's in university environments or through the companies where they already work. Different parts of those institutions will offer the opportunity to learn from different projects that are happening, different principles of thought, insight pieces and so on. I have to say that, from my perspective, and it's something my team tell me regularly, using something like LinkedIn is invaluable, because something like LinkedIn provides people with a forum to publish thought pieces on various topics. There's also a lot of training material available on there. The standards I see now in terms of sharing information on forums are pretty high. There's a great sense of openness towards different people's perspectives. Certainly from a learning and training perspective, I think it's been really useful. There are other things that provide similar resources, but they're the two areas.

18:40

It's really powerful when you connect that with looking at the challenges that businesses are facing now. Whenever James and I are working together, looking at where risk might reside in audit and so on, it's not about looking at technology and then applying it. It's about asking what the problem that we're trying to solve is, and having that front and centre. Just as you're building your understanding of ongoing advancements in tech. It's a very fast-changing environment. But stay alert to the key business

issues of the day, make those connections and understand how technology can help solve problems. I think that's when it all starts to come to life.

19:27

Great, there's some real good take-aways there. Well, we're out of time. I just want to say thank you very much to both of you, Katie and James, for participating today. We hope our listeners have found this useful.

19:40

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