IT, FUTURE and The ACCOUNTANT

THE TECHNOLOGY
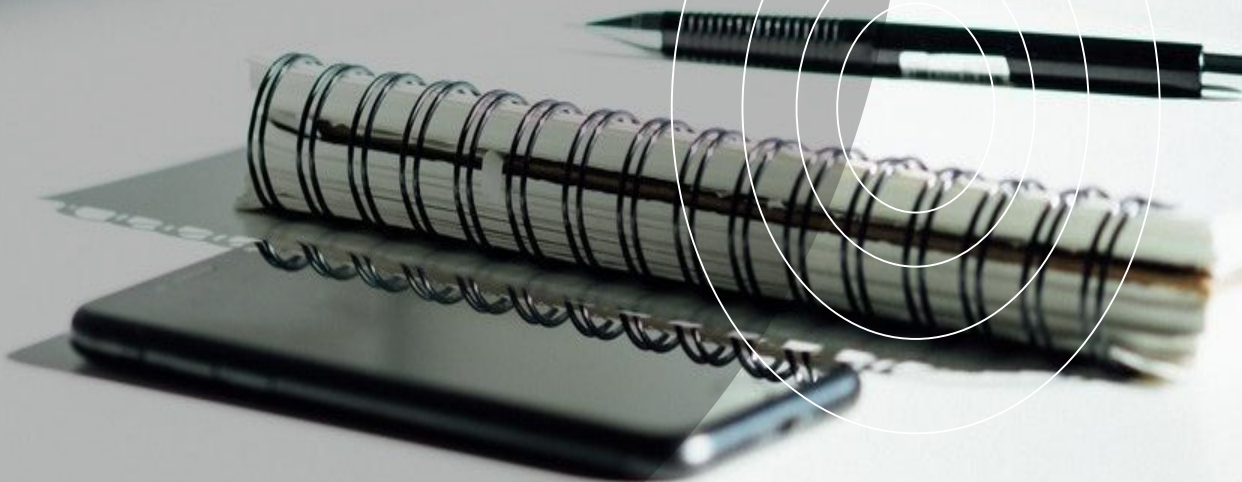
Artificial Intelligence

BIG DATA
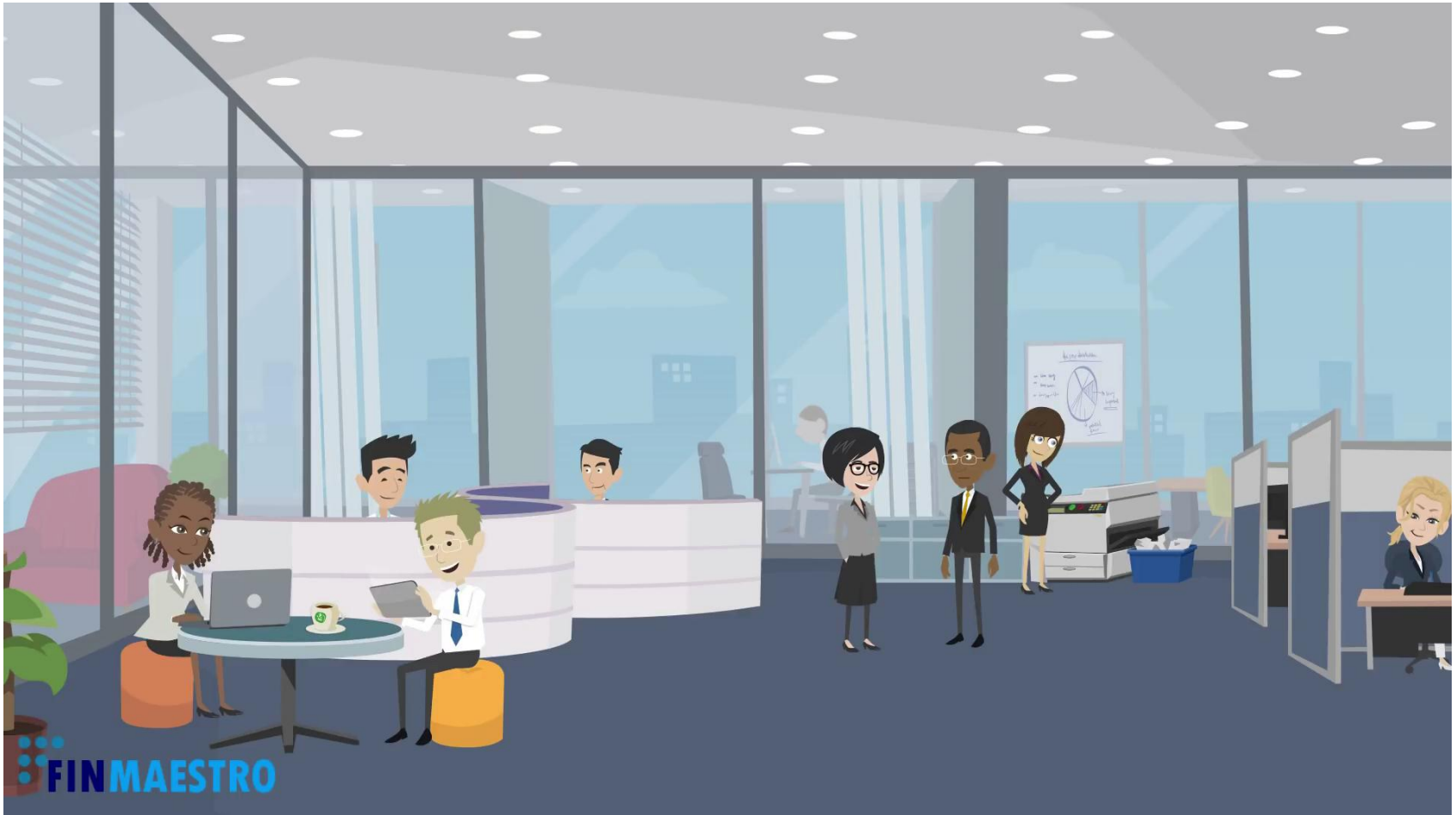
audit

FUTURE AUDIT

FUTURE AUDIT

Audit software

- ◦ **Audit Planning**
  - ◦ Software do Audit Planning Automatically; Set the planning materiality, Get the Client Data: a trial balance, the historical trends, and collect other economic trends to predict the planning materiality

Auditor

confirm couple of required inputs for the system to calculate the materiality

FUTURE AUDIT

Audit software

- Control Testing
  - Totally eliminates human involvement and is fully done by the bots
  - Audit bots identify any significant changes in the trends or when a suspicious activity happens in the system or any alteration in the controls placed in the system
  - the client system does not have any manual controls, all the controls are automated controls.
  - documentation is done by the bots.

Auditor

- Entity level controls perform manually
- Monitor the exception reports
- Discuss with the management on the real time basis.

FUTURE AUDIT

Audit software

- Final Audit
  - Now there is no concept interim and final testing as the audit is a continuous process.
  - Inventory verification is done by drones and the information is send to the audit software which will automatically reconcile and exception reports will be generated for the audit team to verify and discuss with the client.
- No bank or Accounts receivable confirmation is required as the client system is based on block chain technology and the transactions are posted only when it is confirmed by the other party

Auditor

This has totally eliminated the reconciliations from the accounting process and has eliminated confirmations for the audit process

6

FUTURE AUDIT

Audit software

- No physical contract verifications are required as the client now has smart contracts which bots will verify for any significant changes.

- Client system now automatically creates financial statements and disclosures and has no manual interferences.

- Audit software has the ability to recreate the financial statements and can compare it with the client statements.

- Financial statements are now machine readable and programmable. Only a few areas require complex accounting treatments and require auditor's involvement.

Auditor

The audit firm would be able to do much better audit themselves using advance technologies and much lesser staff. The cost will be significantly reduced and accuracy will significantly go up.

AI, BLOCKCHAIN → REAL TIME AUDIT

all transaction data is recorded to the distributed ledger

spell the end of random sampling by auditors, since code could perform a check on every single transaction in future.

The real-time systems would highlight and investigate anomalies and unusual transaction patterns as they emerge**.**

AI, BLOCKCHAIN → REAL TIME AUDIT

blockchain is extremely secure. That's because every transaction on blockchain is digitally signed, providing assurance that only a certain party could have recorded it.

The data is validated by a majority of other users on the system

If the majority of the users on the distributed ledger become corrupt, it is possible to break the chain. Blockchain can also be vulnerable to programming mistakes The reality is that no system is flawless – not even blockchain

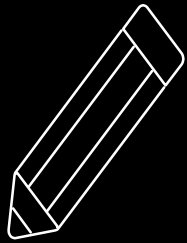The auditors will need to audit whether the distributed ledger systems are working correctly

CONCLUSION
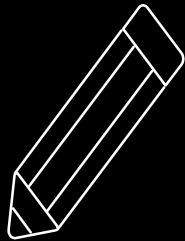
Auditor really need
Analysis skill
Busines Relationships
Communication skill
Creativity
IT oriented

TERIMA KASIH