



## Where are we today?

## What does tomorrow have in store?

Change is now a constant in our world. It's here - and the pace of change is increasing exponentially.

For auditors, there are all sorts of challenges right now, and in the short, medium and long term. Are you aware of what some of those challenges are and how new technologies might be able to assist?

*The professions are changing...*

"... lead us to conclude that, in the future - in the fully fledged, technology-based Internet society - increasingly capable machines, autonomously or with non-specialist users, will take on many of the tasks that currently are the exclusive realm of the professions."

(p.231, Susskind, Richard; Susskind, Daniel (2015-10-22). The Future of the Professions: How Technology Will Transform the Work of Human Experts. OUP Oxford).

## Professions are Changing

In Richard and Daniel Susskind's book "The Future of the Professions" they examine how technology will transform the work of human experts<sup>1</sup>. An interesting read, and a good summary of the way most media and commentators are highlighting that fundamental shifts in the way we work, and how many of us will do meaningful work in the future.

Auditors are not immune to the way technology will transform their work. The decreasing cost of technology combined with the increasing cleverness of software applications and the accessibility of large swathes of data dictates that the transformation will likely manifest very soon.

In the foreseeable future, auditors will move towards testing 100% of the data - in some cases, this may add up to multi-millions of transactions.

*"Leading auditors also say they are on the brink of fundamental change"*

In both audit and tax, experts predict that all financial data will come to be represented in some globally accepted standard form,... and that their work will largely then involve running ever more **powerful algorithms, searches, agents and routines across the data**. While the traditional auditor may claim that this will never replace the '**judgement of the auditor**' (for example, as to whether the client is handling provisions appropriately), the market leaders are now looking very seriously at how **artificial intelligence** can also help here."

(Susskind, Richard; Susskind, Daniel (2015-10-22). The Future of the Professions: How



Google

"The biggest disruptor that we are sure about is the arrival of **big data and machine intelligence**. This disruption will not only change every business globally, it will also have an important impact on the consumer."

**Google Chairman Eric Schmidt**

<https://techcrunch.com/2010/08/04/schmidt-data/>

<sup>1</sup> Susskind, Richard; Susskind, Daniel (2015-10-22). The Future of the Professions: How Technology Will Transform the Work of Human Experts. OUP Oxford.

Examples of how technology is impacting other industries abound. Here are two examples of the evolution of IBM's "Watson":

Legal - [ROSS and Watson tackle the law](#)

Medical - [IBM's Watson Supercomputer May Soon Be The Best Doctor In The World](#)

The big shifts predicted here will likely also be in the foreseeable future for auditors and other financial professionals.

## Big Data

The sheer volume of data now available, combined with cheaper computing and processing power will drive changes to our working lives as we currently know them.

Just think about everything you know that generates data. Now include all the usual social media sites (FaceBook, LinkedIN, YouTube, Snapchat, Twitter), data from connected machines which includes the IoT (Internet of Things)... The pace of data growth is exponential.

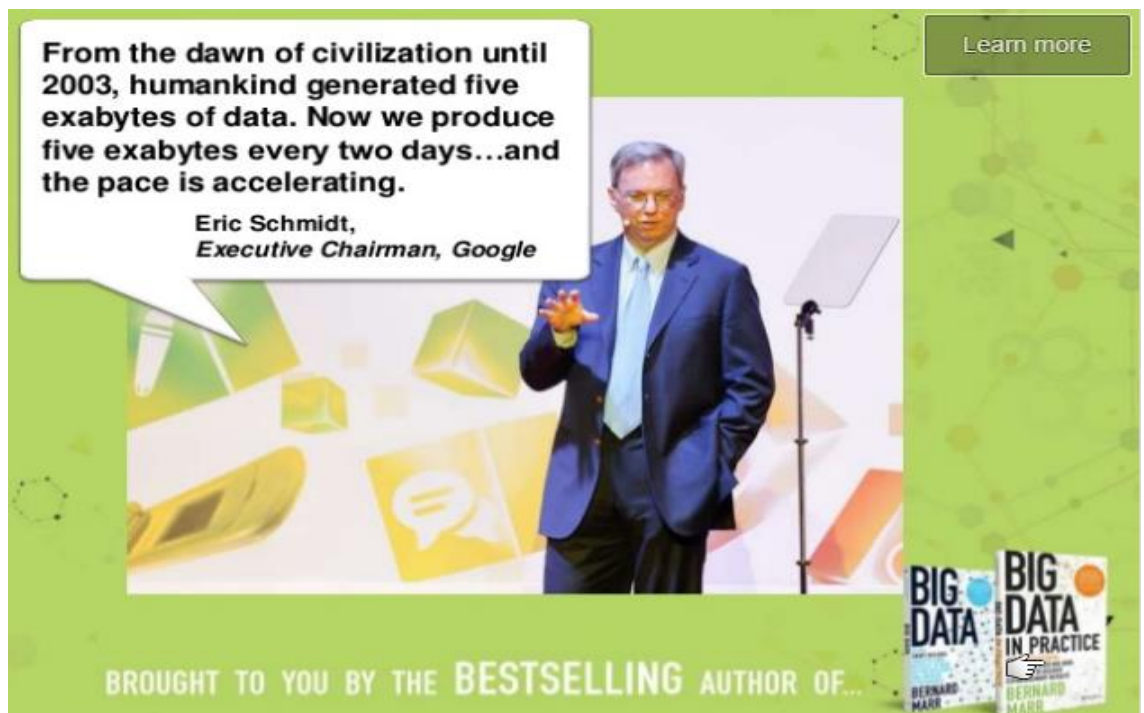
Traditionally, audit has focused on financial transactional data, but now has access to emails, e-chat, social media, as well as access to data from third parties including stockbrokers, insurance brokers, banks, real estate valuations, actuarial certificates... and so on. With hindsight, it is speculated that the Enron disaster could have been prevented with better access to non-financial data, like the Enron emails that have now been made public.

An auditor needs to wade through all available data and decide what is important - then, how to deal with it. **CaseWare sees huge opportunities to assist with Big Data for audit.**

## Machine Intelligence

The above quote from Google's Eric Schmidt applies to all businesses in our increasingly global economy. Again, the audit profession will also be impacted by these disrupters - big data and machine intelligence.

**Big data is here** - we're just looking at the best way to investigate and slice and dice it. A massive amount of investment and work is also concurrently occurring on "Machine Intelligence" - throughout almost every industry.



From the dawn of civilization until 2003, humankind generated five exabytes of data. Now we produce five exabytes every two days...and the pace is accelerating.

Eric Schmidt,  
Executive Chairman, Google

Learn more

BROUGHT TO YOU BY THE BESTSELLING AUTHOR OF...

**BIG DATA**  
BERNARD MARR

**BIG DATA IN PRACTICE**  
BERNARD MARR



## The Big 4

While the ability to capture and store vast amounts of data has grown at an unprecedented rate, **the technical capacity to aggregate and analyze these disparate volumes of information is only just now catching up.**" (EY. Big Data - Changing the way businesses compete and operate. April 2014)

that the future of audit was **'the capacity to examine 100 percent of a client's transactions'**. (KPMG's James P. Liddy)

We are seeing **analytics and visualizations** deployed to improve risk assessment, better focus the auditor's time, yield more meaningful questions, and identify what really could go wrong in the financial statements. (Will Bible, Audit Partner at Deloitte & Touche LLP)



Machine intelligence will take on big data - it will "read" huge volumes of data very, very quickly and "learn" from it. People will be able to ask plain English questions and get answers instantaneously. Machines then learn from the questions and the answers get better... and better. Think of the way that Google has developed from a simple search engine to what it has become. That's the future for big data combined with machine ("artificial") intelligence.

## The Big 4 - What are they doing?

The Big 4 are investing in technologies to exploit Big Data and Machine Intelligence. Lots of published material attests to the fact that they are spending huge amounts on research and technology and employing some of the finest minds in the fields of data and machine/artificial intelligence.

## Audit will remain important...



**"I am very bullish on the Audit profession.... It is absolutely essential to the running of capitalism."**

Dwight Wainman,  
CEO of CaseWare International

## Future Changes - The Future of Audit

**Will the traditional audit disappear in the future?** This is almost without doubt. Most of the work of a traditional audit will be automated, and in fact, most likely improved with access to big data and ability for machines to systematically and without bias, test and interpret results.

Yes, there are lots of changes on the way, with debate about how soon some of the big disruptors will arrive, but have no doubt that they will be here, and the impact on the traditional audit and the auditing profession will be profound.

***There will still be a role for auditors and audits - but there will be significant changes and you will need to embrace these to get ahead.***

## What Are the Coming Challenges for Audit?

### Staff: Skills & Abilities - Location

What are the skills your team will need in the future? A traditional auditor's skills will no longer be the only requirement for your team to compete effectively with the rest of the industry if the predicted disruption of the profession pans out. Data analysis experts will be key - can these be combined with the abilities of traditional auditors? This may be the answer for a small team.

Be very clear - the Big 4 are combing through the latest University graduates and looking more and more for **non-traditional skills** to employ in their audit teams. It is a reflection on the changes they see coming - some would argue, are already here.

Is **location** important? Traditionally, auditors are not concreted at head office, often requiring to be out in the field to do their work. Will this continue? Does it matter? Do they even need to be in the same country? The answer is that skills are more important and your team can reside

## What do we see as the coming challenges?

Staff

Stakeholders

Data acquisition

Cost

Technology



"You will be able to do an audit on a smart-phone.  
You will need to get rid of spreadsheets, but it will be possible."

*Dwight Wainman, CaseWare Inc*

"Being onsite will become much less important.  
These tools will enable and often require anytime, any place work."

*Intuit 2020 Report*

wherever they are, with technology solutions now able to ensure the location of your team is the least problematic of team logistic considerations.

## Stakeholders

The challenge of managing stakeholders and their expectations and requirements, will continue for auditors. It may just get a bit more complex.

There are lots of **stakeholders** involved in Audit:

- Society
- Capital Markets
- Shareholders
- Government Regulators
- Those Charged with Governance
- Employees
- The list goes on...

There will be a continual challenge to manage expectations around auditors being able to find everything material to do with an effective audit. With the speed of data growth, the volume of data and the complexities of data and relationships, it may not be quite as simple as some stakeholders expect, even with the leaps and bounds likely provided by technology.

There will a need to engage with stakeholders to make sure they understand what is involved and that expectations are realistic. There must be effective communication at all stages of the audit and the latest technologies need to facilitate this.

There will be a further challenge for regulators to keep pace with change and update requirements to suit the needs of a data driven society. There may even be a need to drive legislative or

standard changes, so that there is a high level of common understanding across all the stakeholder groups.

## Data Acquisition

Yet another challenge. Where to source the data? How to ensure integrity? How do you analyse structured (eg financial statements, transactional data) vs unstructured data? How do you collate it in a meaningful way? How do you report it?

**What do you really audit?**

## Technology

What technology does it make sense to deploy in the future to meet the challenges?

What software will help you with a quality audit effectively and efficiently?

What tools can you give your team to ensure their success?

## Do More With Less

The audit profession is already being asked to do more with less...

- Less time
- Less staff
- Less cost

As a result Audit Efficiency & Effectiveness while maintaining Audit Quality will continue to be a major consideration. Getting the balance of this equation correct will likely be the determination of success vs failure.

## What is CaseWare Doing to Assist?

CaseWare has a deep understanding of the audit and financial reporting field, having delivered software solutions for accountants and auditors over many years, with a long history of innovation. CaseWare has always ensured **compliance is a key driver of our software and technology updates** and constantly addresses the needs of quality, efficiency and effectiveness in audit.

And with the future in mind, right now some very bright University minds are assisting CaseWare with developments in all of the areas that will challenge ('disrupt') the audit profession.

CaseWare have software NOW to help  
streamline & manage your audit business.  
We have new software just around the corner  
to take data analysis to a new level,  
and we have R&D underway for the future.



CASEWARE  
AUSTRALIA & NEW ZEALAND



## Current CaseWare Tools

### CaseWare Audit

The newest version of **CaseWare Audit** incorporates a suite of software tools that will help you **manage your audit engagements**, as well as completing a compliant audit effectively.

**CaseWare Audit** brings our audit standards compliant CaseWare Working Papers to the Cloud with increased functionality to provide a more complete audit team working environment. Our solution is not reliant only on the cloud and connection to the internet - it allows your staff to work on engagement files offline, syncing seamlessly when internet connection is restored.

**CaseWare Audit** allows your team:

- Seamless **synchronisation of engagement files** between audit staff.
- Fully functional online **and offline** access, with sophisticated team and audit engagement management tools.
- Secure **collaboration tools** for communications between staff, with vetted third parties, and with clients - a fully secure, client portal complemented with an integrated document management system that can manage and store all types of files.
- **Secure file access** - very granular security to ensure only those with permission can access client files and information.
- **Engagement Management and Workflow tools**, including access to online Time and Billing apps
- Access to various applications that allow **you to manage and analyse all your engagements** and the data therein. Some of our newest applications - **CaseWare Q, Review On The Go** and **Constellations** - are explained on the next couple of pages.

All of this delivered without the need for on premise servers and IT support. The cloud **CaseWare Audit** service is hosted by Amazon Web Services in NSW.

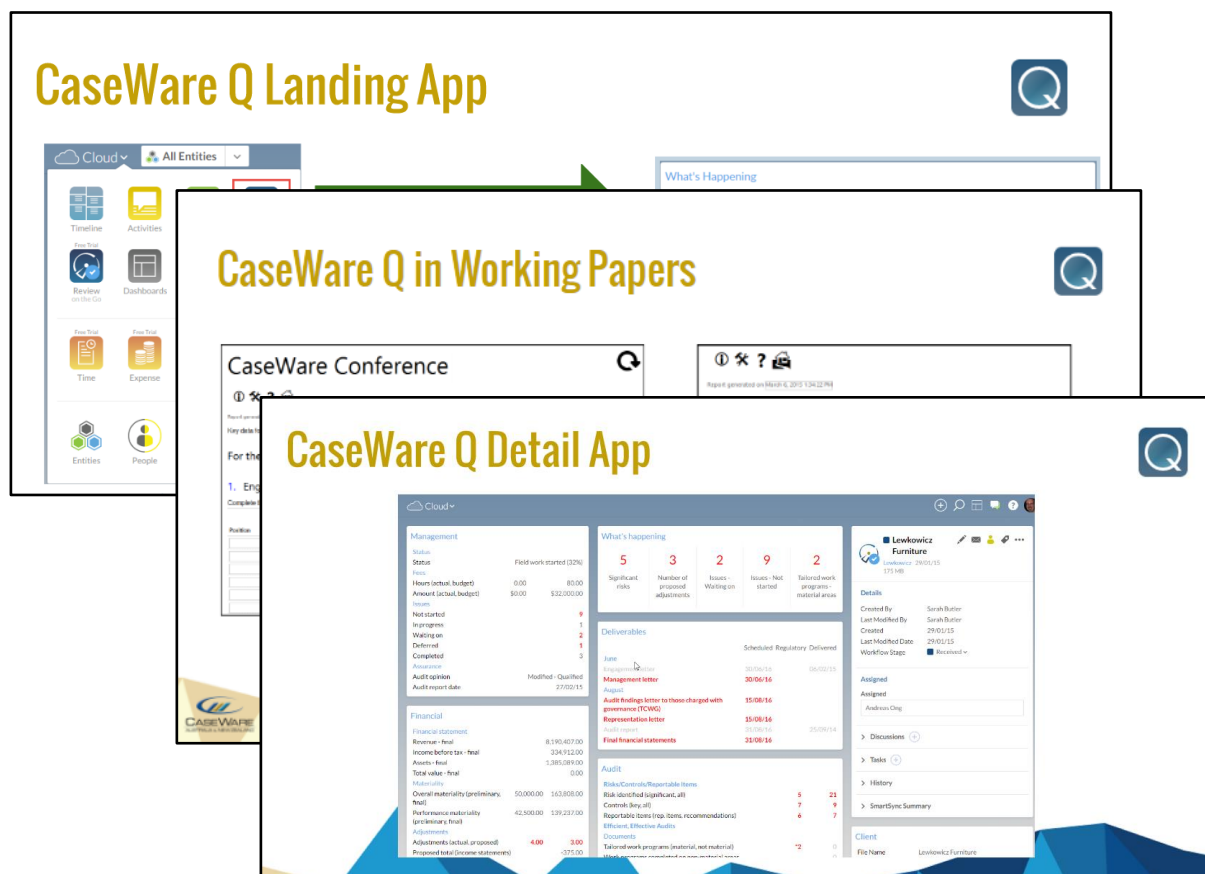


## CaseWare Q

**CaseWare Audit** comes with a whole suite of specialist tools, including **CaseWare Q**. This tool is designed to promote quality audits and increase your team's efficiency, while making it easier to meet firm and professional standards. Quite simply, CaseWare Q works with CaseWare Audit files and provides a better way to track information on all your engagements and to manage your files for an engagement, or team, or entire firm.

Able to be modified to your requirements, CaseWare Q can collect, track and report on:

- Completion of key documents
- Key deliverables - documents that need to be completed
- Statuses - track stat
- Signals - certain fields are tracked and when certain values are exceeded they are reported



**CaseWare Q Landing App**

**CaseWare Q in Working Papers**

**CaseWare Q Detail App**

**What's happening**

Significant risks	Number of personal adjustments	Issues - Not started	Issues - Working on	Issues - Not started	Issues - Working on	Issues - Not started	Issues - Working on
5	3	2	9	2			

**Deliverables**

Deliverable	Scheduled	Regulatory	Delivered
June Engagement letter	30/06/16		30/06/16
Audit findings letter to those charged with governance (TCWG)	15/06/16		15/06/16
Representation letter	15/06/16		15/06/16
Final financial statements	22/06/16		22/06/16

**Financial statements**

Revenue - final	Income before tax - final	Assets - final	Liabilities - final	Total value - final
8,190,407.00	2,041,212.00	5,385,289.00	0.00	0.00

**Overall materiality (interim)**

Overall materiality (interim)	Performance materiality (interim)	Adjustments (actual unprocessed)	Proposed total (interim statements)
50,000.00	143,808.00	4.00	-175.00

**Audit**

Risk identified (significant, all)	Controls (key, all)	Reportable items (reg, items, recommendations)	Efficient, Effective Audits
5	21	7	9
4	7	4	7

**Documents**

Documents	Talented work programs (material, not material)
12	0

**Client**

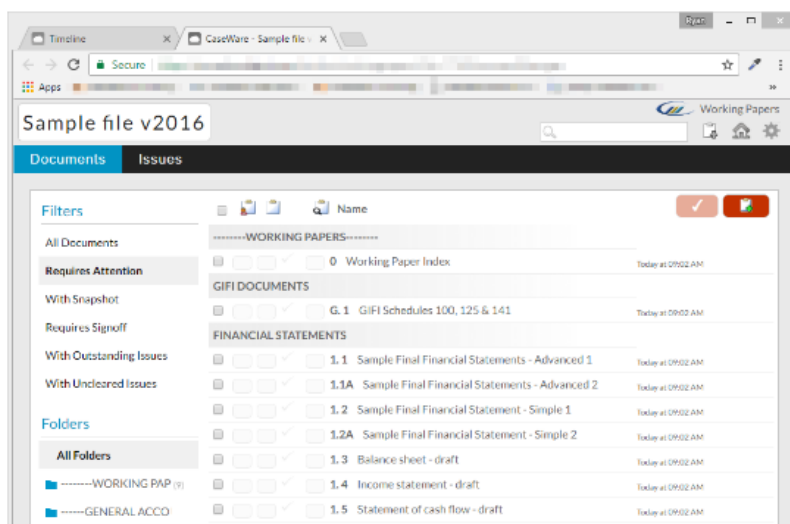
Lewkowicz Furniture

## CaseWare Review on the Go

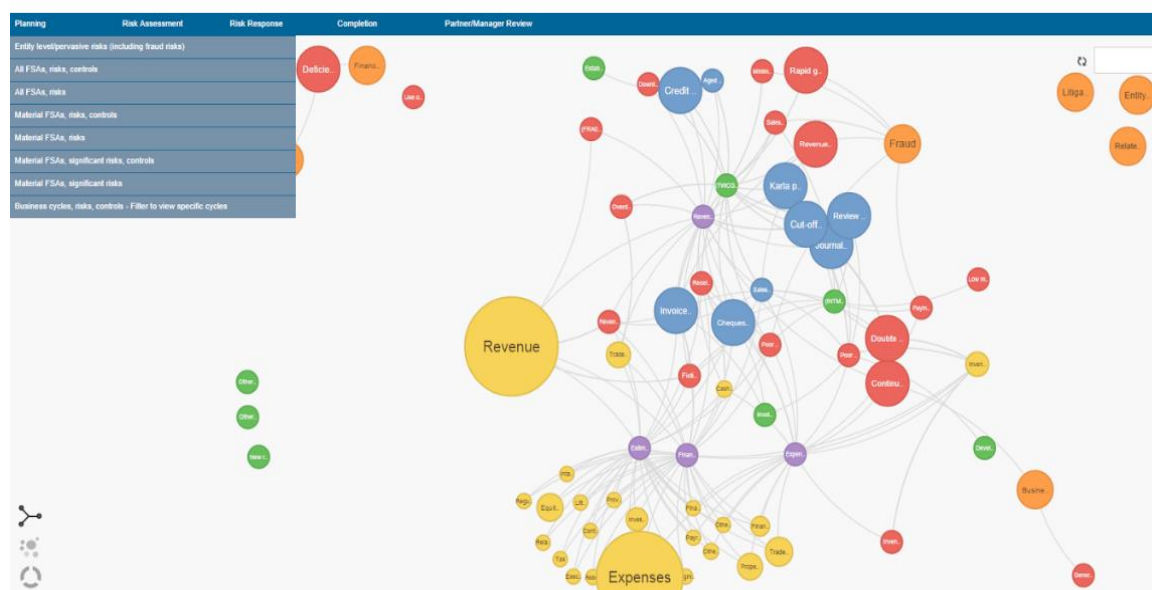
True collaboration is available via the **CaseWare Review on the Go**, another powerful tool available with **CaseWare Audit**. It is a representation of the CaseWare Working Papers engagement file, available via the cloud using any web enabled device. An Audit team leader, partner or manager, simply logs in and can Review the program or checklist, Add Issues and Sign Off - these changes flow back seamlessly to the Working Papers engagement file.

**This tool has helped Audit Partners and Managers have timely access to the files they need, without wading through all the documentation associated with the entire engagement.**

A review session is created on Cloud with a snapshot of all selected documents uploaded. Each document, and its corresponding issues, will be available from the *Review on the Go* application. Access your review session from the **Files** app.



## CaseWare Constellations



Powerful data visualisation is available in **CaseWare Online** - it is called **Constellations** (for obvious reasons). Constellations provides you with the ability see all the data in a file in a more visual way, using nodes and connections between:

- Financials Statement Areas (FSAs)
- Business Cycles
- Risks
- Controls
- Reportable Items
- Pervasive Risk

Once populated by the data in the file, you are able to identify:

- relationships between the data - size will give an indication of importance
- key areas that need to be addressed or reviewed
- areas that have not been addressed - outliers

**CaseWare Constellations** is **interactive**, allowing you to hover over nodes and **see the relationships as well as filter and drill down** to more information, including the audit documents where they are addressed. We're working hard on further interpretations of data and these developments will appear in our Cloud based applications.

## CaseWare SMSF Audit

CaseWare is also *developing specific applications using Cloud technologies*.

Our first release in Australia is specifically for SMSF Audits.



**CaseWare SMSF Audit** is an example of a totally online tool targeted at a very specific audit type. It illustrates just how we can utilise the Cloud effectively.

Seeing the audit in a different way to CaseWare Working Papers, the focus has been efficiency for the smaller audit that is SMSF.

Available right now and lauded by our customers, **CaseWare SMSF Audit** utilises proprietary CaseWare Cloud technology to provide secure anywhere anytime access.

**CaseWare SMSF Audit** includes time saving technology like:

- File Optimiser
- Dynamic Trial Balance
- Automated file setup from Administration platforms (Class, Supermate, SimpleFund 360, BGL)
- Query module to enhance collaboration between auditors and accountants
- True paperless audit with superior document management
- and, for subsequent year files, efficient carry-forward technology



## **Want more information, or wish to discuss your requirements?**

### **NO OBLIGATION DEMONSTRATIONS**

If you are interested in any of our products, a no obligation demonstration might be useful for you to see how in-depth our products are, and how compliance is our priority. We have a significant number of scheduled demonstrations for all of our products, and you can link to these via our website:

<http://www.caseware.com.au/product-presentations/>

### **LOTS OF INFORMATION AVAILABLE ON-LINE**

Our website has a wealth of information available, particularly in our FAQ section:

[www.caseware.com.au/faq](http://www.caseware.com.au/faq)

### **WHAT DO OUR CUSTOMERS SAY?**

If you're interested in what our customers say about our products, we can organise for you to have a conversation directly with people who have been using our products consistently – some for a very long time. Give our sales team a call, or email us!

+61 3 9660 4680

[sales@caseware.com.au](mailto:sales@caseware.com.au)

## What of the future?

CaseWare is very aware of the challenges about to explode in the audit and financial services world that will impact almost every professional working today. Be assured that we are working on big data and machine intelligence and just how that will make sense to incorporate into our products to assist you to provide great quality audits in this different and challenging time of change.

**Our commitment to quality and compliance remains resolute.**

We hope you come along with us for the ride.

