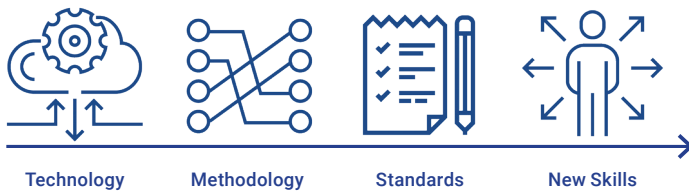


Auditing in the future

Advances in technology are coming at us at light speed. And while this phenomenon stands to fundamentally transform all aspects of business and life, few areas are as poised for transformation as the auditing profession.

Major shifts in client operations and systems are already occurring, and the time is now for the audit community to embrace the opportunity to position our services to evolve with these changes.

Auditing in the future key drivers



While technology is the spark that has ignited the fuse, auditing in the future has four interconnected drivers. Each is a critical component that must simultaneously evolve in order to deliver a transformative outcome:

- **TECHNOLOGY:** As data-driven audits transform our capabilities, powerful technology will automate the routine and allow more time for analysis and insight
- **METHODOLOGY:** We must reimagine how we conduct audits in the context of these new capabilities
- **STANDARDS:** The Auditing Standards Board has on its agenda the evolution of standards to keep pace with auditing in the future
- **NEW SKILLS:** As the role of technology expands, so too must the role of the audit professional. Rote tasks will be automated, and audit professionals will become conversant in data integration and analytics

The vision for a Dynamic Audit Solution (DAS)

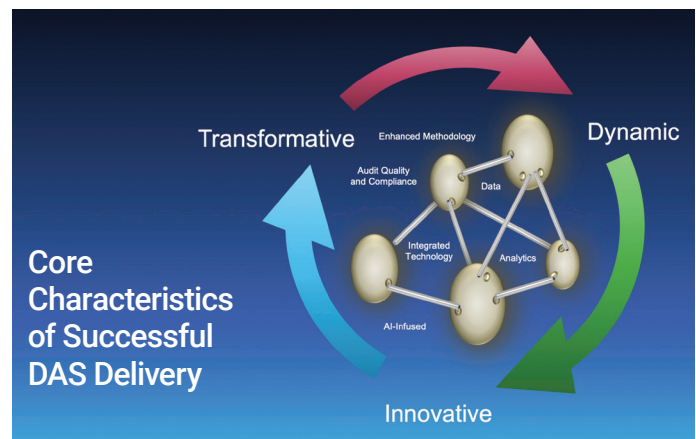
With technology poised to disrupt auditing, new opportunities exist for auditors to leverage AI, automation and data analytics to provide high-quality audits more effectively and efficiently. The largest accounting firms already are moving

ahead with their own proprietary platforms. This creates a unique opportunity for a profession-wide effort to ensure firms of all sizes have a defined path to the future.

The American Institute of CPAs, CPA.com and participating firms from the AICPA's Major Firms Group¹ are answering that call. On behalf of our members and in service of the public interest, we have set out to develop a transformational audit methodology that modernizes and enhances the quality, efficiency and value of audits.

To achieve this vision, we must rethink the audit from the ground up.

It starts by embracing technological disruptions and responding to the changing environment through the development of a comprehensive Dynamic Audit Solution (DAS).



DAS will be a dynamic, data-connected platform that uses the power of innovative technology and transformative methodology to help heighten audit effectiveness and value delivered to clients.

¹ The AICPA's Major Firm Group consists of more than 75 of the nation's top 100 firms. The group serves to represent the interests of national and regional firms and addresses issues affecting the accounting profession.

The DAS application is being developed on the CaseWare Cloud platform. The platform allows for extensibility and scalability to support the needs of firms of all sizes, as well as a range of client complexity and IT sophistication.

It further provides us with the ability to custom develop the DAS application, which is critical to enabling, and bringing to life, many of the transformative elements of the DAS methodology, including data analytics powered by machine learning.

More importantly, DAS is being built by auditors, for auditors. Firms participating in its development have dedicated top talent to re-envision and where possible re-engineer every step of the audit process. Together, we can create a significant and lasting change for all audit professionals and our clients.

Defining transformation

While “transformative” can be a term that is overused, think of transformative activities in three distinct categories. Each should be evaluated by its ability to measurably increase the quality of our work, reduce the effort to obtain similar results, improve the ability of our professionals and/or generate better value to the client—such that the cost of change is exceeded by the return on the effort. For example:

1. Execution of procedures — **methodology**. How can we assess risk and gather audit evidence in a way that is valuable and transformative to traditional approaches? How can we effectively use existing sources of data as well as new sources of data, internal or external, to enhance the audit experience for our professionals and our clients?
2. Coordination beyond methodology — **execution**. How can we leverage technology and approach the project management and execution required for following a methodology? How can we deliver greater value to our clients through insights gained and potential new deliverables?
3. How do clients and professionals interact and execute — the **experience**. How can changes we implement improve client perceptions of the efforts required? Of the results received? All while engaging and challenging our professionals with higher-value cognitive approaches and less routine and administrative effort.

The journey to drive audit innovation

In 2017, the American Institute of CPAs, CPA.com and the AICPA’s Major Firms Group set out on a bold initiative to evaluate the profession’s multiple paths in meeting the demands of auditing in the future. Extensive engagement and dialogue with firms began, certain conditions were put forth and met, and due diligence of a technology partner was set in motion.

In the Fall of 2018, approximately 40% of the firms in the AICPA’s Major Firms Group, along with the AICPA’s Private Company Practice Section and CPA.com committed funds and resources to launch the development of a DAS methodology. As part of this process, the CaseWare Cloud platform was identified as the best fit for the DAS application, and CPA.com developed a partnership with CaseWare International to become the distributor for the U.S. market.

Dynamic Audit Solution

Many activities have been accomplished in a short amount of time.

Journey to Audit Transformation



In June 2018, OnPoint PCR — a preparation, compilation and review (PCR) tool that represents the first major step in the journey toward auditing in the future — was launched. As part of the OnPoint A&A Suite, OnPoint PCR is built on the CaseWare Cloud platform and incorporates some of the more basic components that will be found in DAS.

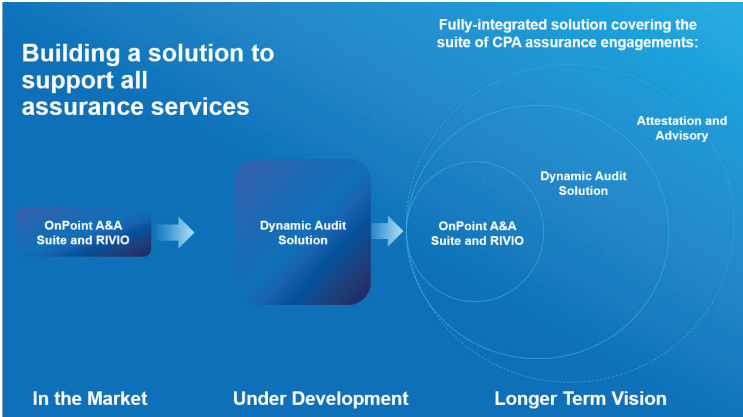
As we continue DAS development, we are deploying open API architecture to support integration with popular tax packages, the RIVIO Clearinghouse—for secure digital delivery of financial documents—and other apps across the spectrum of third-party vendors.

Next steps

Our longer-term vision is that once DAS is commercially available, firms that offer both audit and PCR engagements will access a single, integrated platform to meet their needs. The platform will include modules that firms can select based on their engagements and specialized industries.

We also envision the platform eventually supporting other non-audit assurance engagements, including attestation and advisory. In the meantime, our DAS focus remains on shaping and supporting financial statement audits.

To learn more about DAS and the OnPoint A&A Suite, visit cpa.com/onpoint or call us at 855.855.5CPA to speak with a representative.



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