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Why Are We Still Auditing On-Site?

Here are 10 reasons remote auditing makes perfect sense.

I recently facilitated a future leader panel discussion where an audience member asked the panelists to share one "stupid thing" their firms are still doing that they wish they'd change. A bright, high-potential senior said he thought his firm should significantly reduce or quit auditing at client locations. He thought this was an obvious change to make and didn't understand why it was such a struggle for his leaders to get there.

I can relate! I've been a vocal proponent of remote auditing for several years now. I have encouraged firm leaders to talk to their clients about shifting to more off-site work and to pilot remote audit programs, but every time this subject comes up with established firm leaders, a heated debate ensues. As a profession, we simply aren't there yet, and I fear it is one of the "old school" postures that has the potential to alienate both progressive talent and progressive clients.

In this article, we'll explore 10 reasons remote auditing makes sense. When we're through, I aim to make a remote audit believer out of you—and to give you some ammunition to share with your resisters, too.

Remote auditing makes perfect sense because:

- 1. We have the technology.** Most firms already work with client data through secure portals or other technologies that allow for anytime, anywhere access. A growing number of progressive firms use Skype or Zoom to stay in close video contact with their clients during a remote audit. These firms schedule regular (even daily) check-in meetings with their audit sponsors to ask questions, request additional information, and provide status updates. Some firms even conduct interviews via video and use drones to conduct remote inspections and inventory counts. **If technology can support remote auditing today, won't your progressive clients and talent expect you to leverage it?**
- 2. It's more time- and cost-efficient.** Your bright, talented people wonder why they have to go to the client's location to audit data accessible from anywhere through a cloud portal. They don't understand why a firm would commit time and money for travel that's not needed. **Shouldn't our approach to work make sense to our smart, progressive talent?**
- 3. Some client audit locations are less than ideal.** The senior accountant on the future leader panel told the story of auditing on-site at a dance studio, in a tiny cubicle, with poor internet connectivity and the sound of dance music and tap shoes droning on for several days. Other auditors speak of dingy or depressing conditions at client locations and how they "can't wait to get off those jobs." Connectivity, space for our equipment, and hospitality can all be real issues. **Does it make sense to spend a ton of energy making our firms great places to work when we send our auditors out to work, sometimes for days or weeks, at places that are not?**
- 4. Firms can gain staffing flexibility.** Imagine the possibilities here. The technological advances described in reason No. 1 above greatly reduce, if not outright eliminate, geographic barriers for client and talent acquisition. If you don't have to send your people to a client site, they can work on something else if the client isn't ready to begin at the scheduled starting time. They might even be able to start another job that is ready early, and fit in the tardy client later. **Isn't this a better way to do business?**
- 5. Many of your clients will be relieved.** When you suggest remote auditing to your clients, you may hear that they support the idea because they don't like losing their conference room to the auditors for a week, or meeting your people to let them in or out. They may express how happy they'll be to no longer clean up after your group, worry about their accommodations, or experience inconvenient interruptions to their own workflow when your people are camped out on-site. **As long as your firm efficiently produces a quality audit that provides value to the client and its financial statement users, does the client really care where the work is done?**



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6. **You can still follow audit standards and produce a quality audit without having everyone on your audit team on-site for the entire audit.** Conducting a remote audit doesn't mean that 100% of the work must happen away from the clients' locations, although I believe this is possible in some cases. Instead, it means reconfiguring the audit jobs to conduct as much of the audit as you can away from the client location. Your engagement planning process should consider what level of in-person observation is necessary to conduct the appropriate risk assessment, and whether you trust using Skype and other remote technologies in the interview process. **Shouldn't we innovate to maintain independence and technical quality while also offering a service in a way that makes sense to clients and our talent?**
7. **Your relationships will remain strong.** You may fear that the loss of "face time" at the client's office will result in a weakened relationship. I would argue that your on-site team doesn't achieve that much face time anyway. In fact, for some firms and partners, audit staff are encouraged to keep a low profile and leave questions or issues for someone else on the audit team to handle. So, they're sitting in the client conference room, auditing remote assets, and emailing someone back at your office who is handling the questions and interfacing with the client. Does this make sense? Your engagement partner can still visit the client on-site during the audit period, to meet, go to lunch, or otherwise discuss findings. **What if remote auditing caused your relationship managers to be more intentional about their face-time touches with each client? What if it even drove them to meet with their clients several times a year, outside of the service cycle, which is something most clients really want anyway?**
8. **You won't have to reduce your fees.** Some firms fear that clients will think that the move off-site should translate to reduced fees. And there may be some savings in travel costs. But the cost to conduct the audit in talent, technology, and time; the risk associated with it; and the value it provides the clients does not change because of the location of your auditors. **Why would you change your fees?**
9. **You don't have to do this all at once.** You may want to resist remote auditing because you don't believe *all* of your clients will accept this. I agree—they probably won't all agree today. But don't resist piloting this idea with a handful of your most progressive clients because you fear a few traditionalists will react poorly. **Why not develop a new approach to remote auditing with a cluster of willing clients, so you'll be ready when this idea is mainstream?**
10. **Your competitors are already doing this.** I started this article sharing that I've been working with firms to make this transition for several years now. You will not be a "bleeding-edge" adopter if you begin this transition now. Others are already on the pathway, and they're reporting seeing more client requests for proposal asking about remote auditing. Demand will rise for this, and you'll have competitors poised to meet it. **Can you afford to wait?**

I cannot fathom a reason you'd keep resisting the move to remote auditing. Form a working group to identify your firm's first steps today.

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