



**Southern India Regional Council of
The Institute of Chartered Accountants of India**

(Setup by an Act of Parliament)

WEBINAR PRESENTATION

AUDIT TO TIME – TIME TO INNOVATE

PRESENTATION BY

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Presentation Walkthrough

- 1. Caution – Inspiration for this Presentation**
- 2. Setting the Context – The Universe we face today**
- 3. Global Disruptions and Audit Profession**
- 4. New Normal post COVID-19 and Preparedness of Audit Profession**
- 5. Auditors turn to new Technologies amid COVID-19 crisis**
- 6. Global Accounting Bodies' Guidance to Audit Profession**
- 7. Special considerations for Internal Audit and Internal Auditors**
- 8. Innovate, Leverage (Technology) and Stay Relevant**
- 9. Last Steps**

CAUTION – INSPIRATION FOR THIS PRESENTATION

Audit on time – lets innovate

if we don't do, someone else will

Evaluate – ability to do audit through digital

Delay leads to more uncertainty

Digital process

Use of videos for inventory check
where feasible

Access to client ERP through VPN

Data control; disabling pen drives



Accounting is continuous

There would be some recent record of FA and Inventory verification

Use roll forward procedures. Other cases use roll backward procedure after lockdown is over; virtual observation procedures

With WFH, All stakeholders want more assurance of:

- controls effectiveness- preventive and detective
- completeness of accounting
- accuracy of accounting
- timeliness of accounting

CAUTION – INSPIRATION FOR THIS PRESENTATION

Audit on time – lets innovate

if we don't do, someone else will

- Management has to own FS &
- Auditor has to stay accountable to Audit opinion/ report- no matter all the uncertainties, alternate audit procedures performed

Accumulation of work might impact quality



For Audit firms:

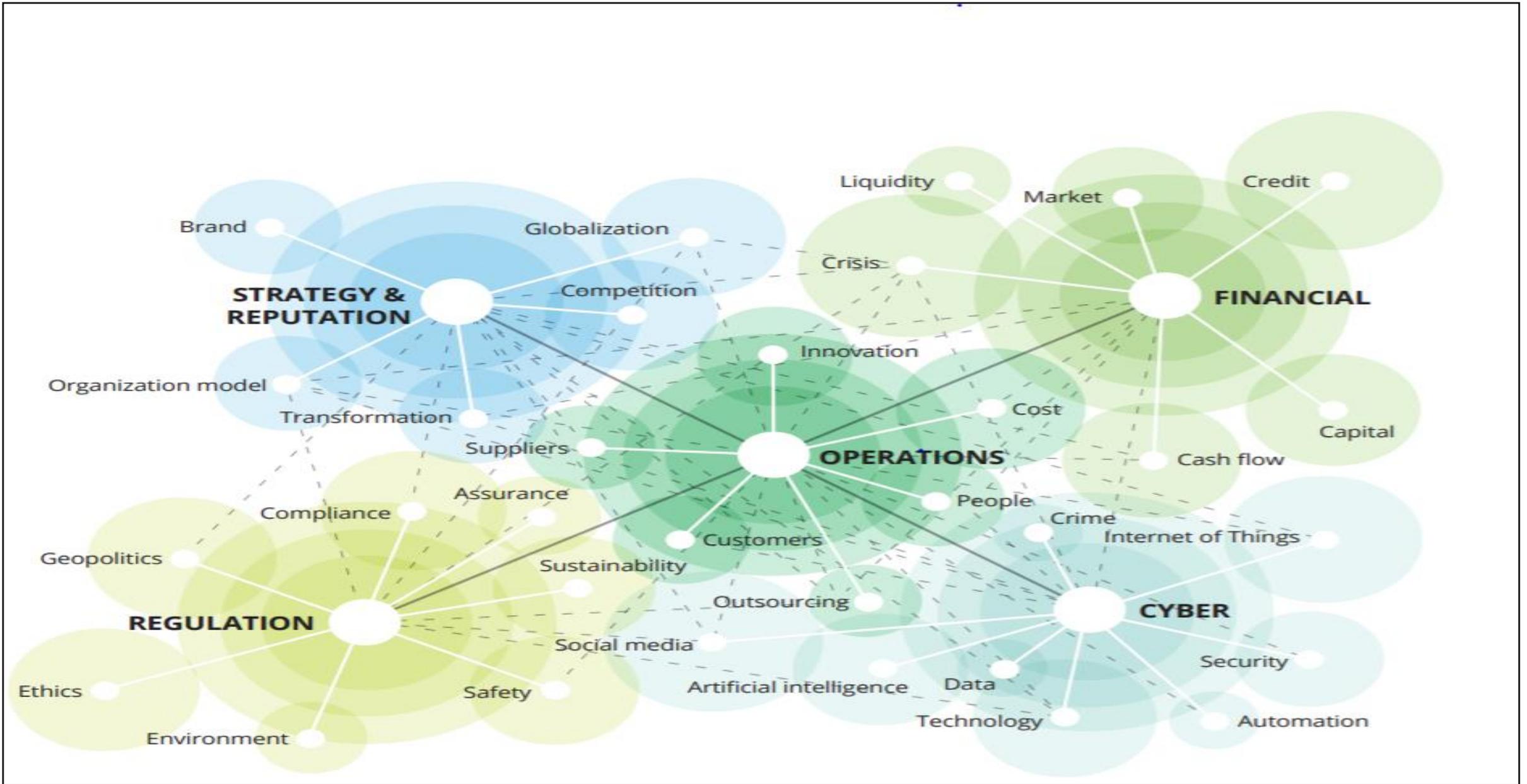
- working capital needs will increase
- risk of compromise

Regulators will review after 3-5 years; context will not be in mind

MANTRA : DISCLOSE & EXPLAIN

Setting the Context –
The Universe we face today

ORGANIZATIONS FACE INCREASING UNCERTAINTIES ON MULTIPLE FRONTS

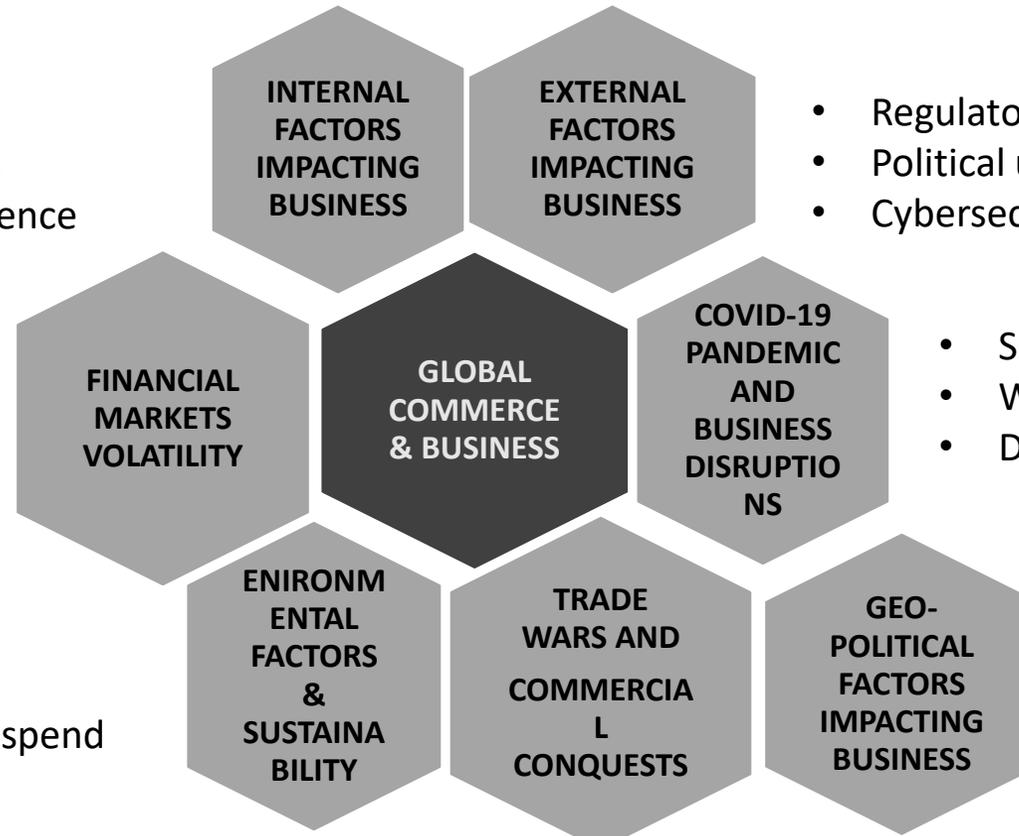


THE CONTEXT :: WORLD IN DISRUPTION

- Focus on Cost reduction
- Market Expansion & New Products
- Competition Pressures & Obsolescence

- FOREX fluctuation & restatements
- Fluctuating capital markets
- Debt pressures & interest burden

- Climate change issues on business
- Sustainability pressures - CSR
- Green energy initiatives & related spend



- Regulatory pressures
- Political uncertainties
- Cybersecurity threats

- Supply Chain disruptions
- Workforce, Liquidity & Regulations
- Demand uncertainties, contract losses

- Oil concerns and demand shrink
- Global realignments impacting business

- Uncertainties in international commerce
- Pricing & supply pressures
- Dependency issues

COVID-19:: THE BUSINESS CHALLENGES

Impact of COVID-19 on Shareholder Value



Source – Accenture’s Report on Covid-19 CEO-CFO Impact analysis

COVID-19:: Trends Impacting Business & Industry

As economies worldwide are forced to shut down to stop the spread of the virus, all industries will be impacted by recession.



Aerospace & Defense

Immediate revenue and global operational impact muted, but piles onto an industry already dealing with slowdown.



Comms & Media

The overall negative effect of COVID-19 on the Comms & Media industry will be limited.



High Tec

The size of impact will strongly depend on how quickly China will recover.



Banking

A low interest rate as well as higher Loan Loss Reserves due to a decline in economic activity will significantly affect profitability in the mid-long term.



Capital Markets

Interest rate cuts and falling stock prices are putting pressure on fragile margins.



Insurance

The impact on the profitability is limited due to exclusions in place. Though the industry will suffer from the volatility in the financial markets.



Travel

Travel companies will continue to struggle.



CG&S

As companies rethink channel strategy, new investment may be required to diversify and de-risk channels. Cost management initiatives are driving closures.



Industrial

Challenges in supply chain have forced plant closures and cost reduction initiatives.



Automotive (Mobility)

Capital intensive industry, vulnerable to crisis, seeing drop in demand (esp. in China – world's largest auto market). Shift to short-term contracts.



Retail

Shopper hoarding is putting pressure on grocers and drug retailers to boost volume to meet demand. Meanwhile restaurants and cinemas have been forced to close. This drives a spectrum of needs for Retail CFOs.



Chemicals

Some indication that 1Q EBIT for the industry may decline by up to 10%. Low interest rates may have a net positive effect.

COVID-19:: Trends Impacting Business Financials

CARLSBERG

Carlsberg has had to look east to Asia for dynamic growth, culminating in a stellar 2019 that saw the region's sales surge by 12.3%, with China up 19%. As the coronavirus outbreak continues to impact consumption (in China, but increasingly elsewhere too), the big question for the company is not whether it will impact its 2020 performance, but by how much, and for how long.

AIR FRANCE

Global airlines may experience up to \$113bn in lost revenue due to Coronavirus, with lower end forecast of \$63bn (IATA estimates) Air France KLM has announced that coronavirus would cut its operating profit from €150-200m between February to April 2020. The group is preparing for new cost reduction measures to cope with the situation. Air France should redirect part of its offer to North America, Africa & West Indies.

DBS

DBS is factoring in a 1-2% revenue hit for 2020 on assumptions the virus outbreak will cut back on consumer spending including on credit cards.

SCHNEIDER ELECTRIC

Due to plant closures in Jan and Feb 2020, caused by the coronavirus, it expects a €300m hit to its revenues this quarter, but it is too early to confirm yet.

GENERAL ELECTRIC

General Electric (GE) warned that Covid-19 epidemic would cut free cash flow from industrial activities from \$ 300 million to \$ 500m in Q1 2020.

SOUTHWEST AIRLINES

Southwest Airlines says it expects revenues to decrease \$200 million to \$300 million in the first quarter as carriers begin to see a massive toll from the spread of the COVID-19 coronavirus, the Dallas-based company outlined in a regulatory filing.

APPLE

"...we do not expect to meet the revenue guidance we provided for the March quarter due to two main factors. The first is that worldwide iPhone supply will be temporarily constrained.[...] The second is that demand for our products within China has been affected."

SOCIAL MEDIAS

Facebook is one of seven signatories along with Google, LinkedIn, Microsoft, Reddit, Twitter and YouTube to issue a statement promising to fight fraud and curb misinformation on COVID-19 shared on their platforms. Cyber security experts have warned that hospitals and healthcare groups in particular could be targeted by nation states or criminals and Proofpoint reports the volume of coronavirus-related email attacks now represents "the greatest collection of cyber attack types united by a single theme that the Proofpoint team has seen in years, if not ever".

Source – Accenture's Report on Covid-19 CEO-CFO Impact analysis

Global Disruptions and Audit Profession

THE AUDITOR IN A WORLD OF DISRUPTIONS

INNOVATION POTENTIAL

- Meeting audit timelines and ensuring quality in reporting
- Innovation meeting new work environments and clients' time expectations
- Interviews and client discussions through VC & AC and ensuring adequate confirmations
- Audit secondments in remote locations – digital means



WORKFLOW CHALLENGES

- Testing and control evaluation challenges in remote working
- Audit team skillsets in remote digital processes
- Seamless data access and need to perform substantive tests and through-check procedures
- Ability to get data from remote business centres impacted by Covid-19 and possible time delays

Disruptive Evolutions in Auditing

	Historic	Mainstream	Cutting-Edge
Focus	Audit entities based on rotational plan	Prioritize audit entities based on risk	Focus on strategic, business, and process risk
Perspective	Historic	Historic	Future
Style	Corporate police	"Father knows best"	Consultant and advisor
Mandate	Compliance with policies and procedures	Assurance on financial control; compliance	Business assurance
Risk Focus	Financial	Financial plus	Enterprise risks
Tool Kit	Compliance work programs	Audit work programs for key processes; controls	Risk frameworks, self-assessments
Technology	None	Automated work papers	Automated testing and continuous monitoring

DISRUPTIONS AND FUTURE OF AUDIT – FRAMEWORK FOR DEBATE

- The world is changing fast and business results need timely measurement and reporting by Auditors.

- Economic and Social disruptions in business and industry compel audit profession to reinvent measures and framework for audit and reporting

- The future of audit calls for a new framework that will challenge the status-quo and lead auditors to new borders.

- Here is a discussion on the same.



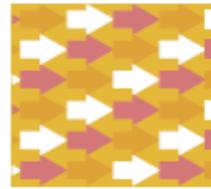
Beyond historic information

- Would the audit be more valuable if it were more future-facing?
- Should it seek to stop companies failing?
- Should the focus continue to be on a binary 'true and fair view'?
- Could it offer a more subjective judgement on significant business and financial risks?



Beyond shareholders

- Who should the audit be for?
- Should it still be carried out only on behalf of equity shareholders?
- Should a wider range of stakeholders be able to rely on the work of auditors?



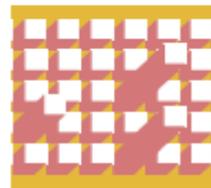
Beyond the financials

- What should the audit cover?
- Today, an audit opinion covers historical financial performance, but is assurance needed over other risks and non-financial information?



A different approach for big and small companies

- If audit expands in scope, does one size fit all?
- Should larger listed companies, arguably with the greatest level of public interest, face a greater degree of scrutiny than a smaller, owner-managed business?



Technology reshaping audit

- How can technology enhance auditing?
- What are the possibilities for automated assurance and real-time analysis?
- In an automated audit, what will be the role for human judgement?



Driving audit quality

- Does everyone agree on what constitutes audit quality?
- How can it be observed?
- Can the profession ever eliminate all audit failures?

New Normal post COVID-19 and Preparedness of Audit Profession

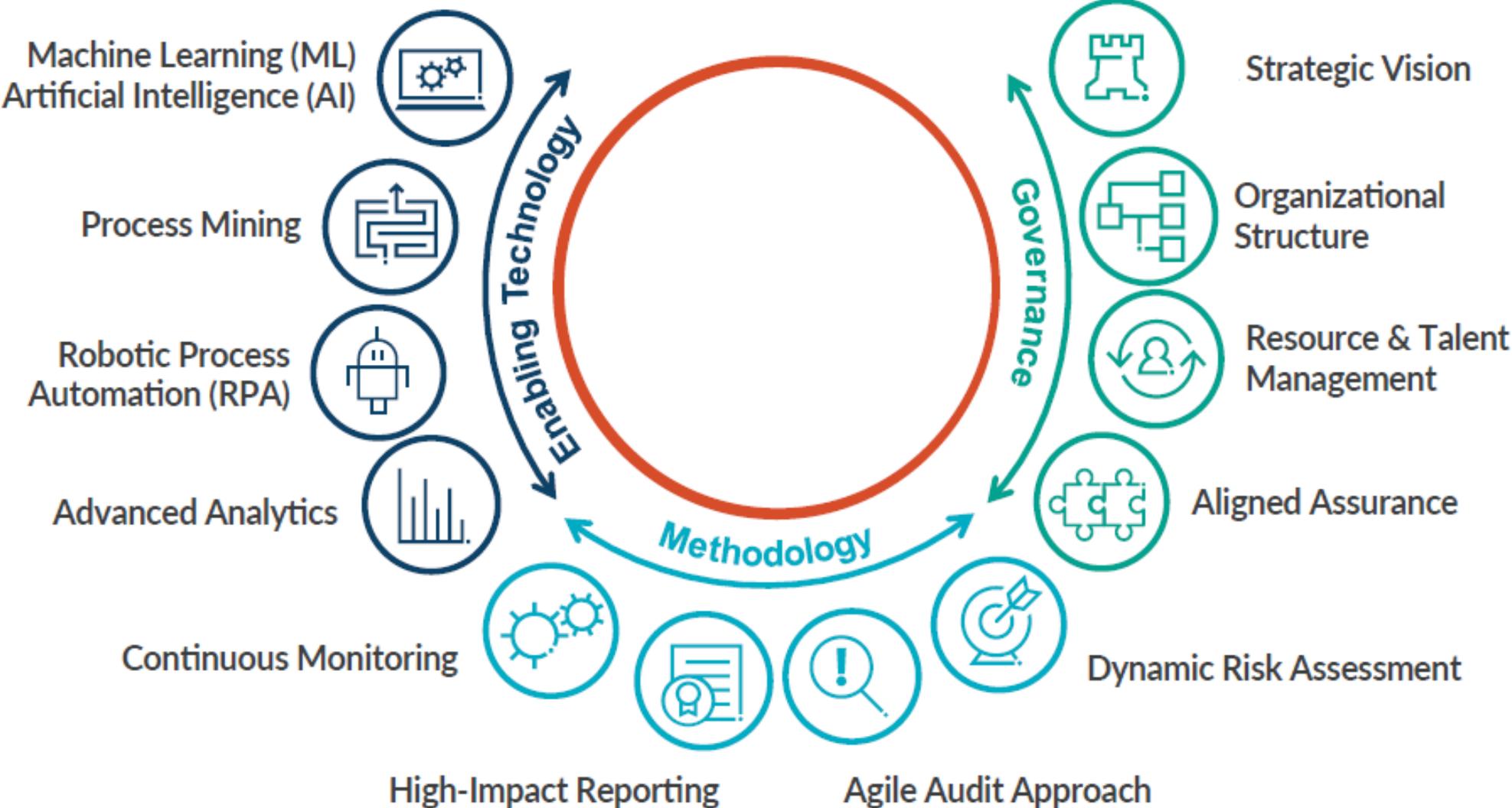
Charting the Path to the New Normal

- Work From Home & Remote Working
- Digital process immersion and expertise in digital operations
- Innovation of Audit tools and Audit processes
- Technology deployment across functional disciplines



AUDIT PROFESSION AND AUDITORS AT CROSS ROADS

The Vision – The Disruptive Auditor



THE AUDITOR'S EXPANDED REMIT BASIS NEW NORMAL

AUDITOR
REIMAGINED

It's no secret that the AUDITOR'S role is experiencing a dramatic shift; for many Auditors today their remit expands well beyond the Audit function.

Professional Leaders

Leading their audit roles efficiently and effectively

- Leading improved efficiency, effectiveness, risk and compliance;
- In doing so becoming focused and agile, driving insights, decision- support, professional growth, and credibility

Business Evangelists

Driving professional value

- Diversifying and reinventing audit talents and capabilities to embrace a wider role in targeting and realizing new value,
- LEADING transformation, and leading the profession from the front.

Economic Guardians

Creating new value in a digital world

- Effectively evaluating and prioritizing the significant investments in digitalization of the enterprise and ensuring measurable outcomes.
- Ensuring up-to-date regulatory compliance for self and client.

WHERE NEW NORMAL WILL LEAD AUDITORS TO

As Auditors continue to engage their clients on through new technology agenda, their ability to share validate and shape insights of clients increase manifold

It is no denying that the Auditors are reimagining the audit profession and can undeniably amplify their opportunities to create value; Auditors actively guide their organizations through a rapidly changing world, and lay the groundwork for future growth – even in the midst of unprecedented, volatile and unpredictable economic conditions.

Innovators and agitators of the profession

- Auditors will establish themselves as innovators and agitators through technology adoption and digital process leadership
- They are using their uniquely elevated position to drive strategic transformation
- They are focused on ensuring that their profession stays resilient and can seize opportunities in the face of a disruptive world

Disruptors and change agents of the profession

- Capitalizing on new normal dictates means collaboration with the new ecosystem partners, with ability to operate complex digital platforms and provide advanced insights
- Technology innovation in audit methodologies redefine the auditors as change agents providing support system to clients.
- Auditors become disruptors within and outside their profession that adds credence to both.

Agile and strategic creators of value

- Successful audit organizations that swim across the NEW NORMAL waves fully align with the professional value systems and showcase talent models to others;
- Alignment is evidenced by audit profession enabling value, being embedded in the audit organisation.
- Technology adoption is increasingly instrumental in unlocking value from such technology.

THE NEW NORMAL – RETHINKING THE AUDIT

INSIGHTS ENHANCE QUALITY

- Automation and other cutting-edge innovations reduce the amount of manual and time-consuming data collection required for an audit.

INNOVATIONS RESHAPE THE AUDIT

- Exponential Technology and innovation are advancing at breakneck speed with unprecedented computing power that transform the audit comprehensively
- Such "exponentials" represent technological breakthroughs at the intersection of information technology and science, and are increasingly a driving force behind audit innovation.

THE NEW KIND OF AUDITOR

- Transformative technology brings in **FOUR** fundamental changes in Auditor: **Culture, Process, Methodology & Talent;**
- Traditional audit processes performed through technology – like, **Risk & Controls Assessment, Audit Analytics and Reporting;**
- Become knowledge expert, ability to work on cutting edge technology to manipulate and analyse data for authentic results and conclusions.





Auditors turn to new Technologies amid COVID-19 crisis

A range of technologies are available that can enable audit team members to collaborate effectively in real time, even when working remotely in different locations.

Technology Solutions for Auditors to meet Audit targets

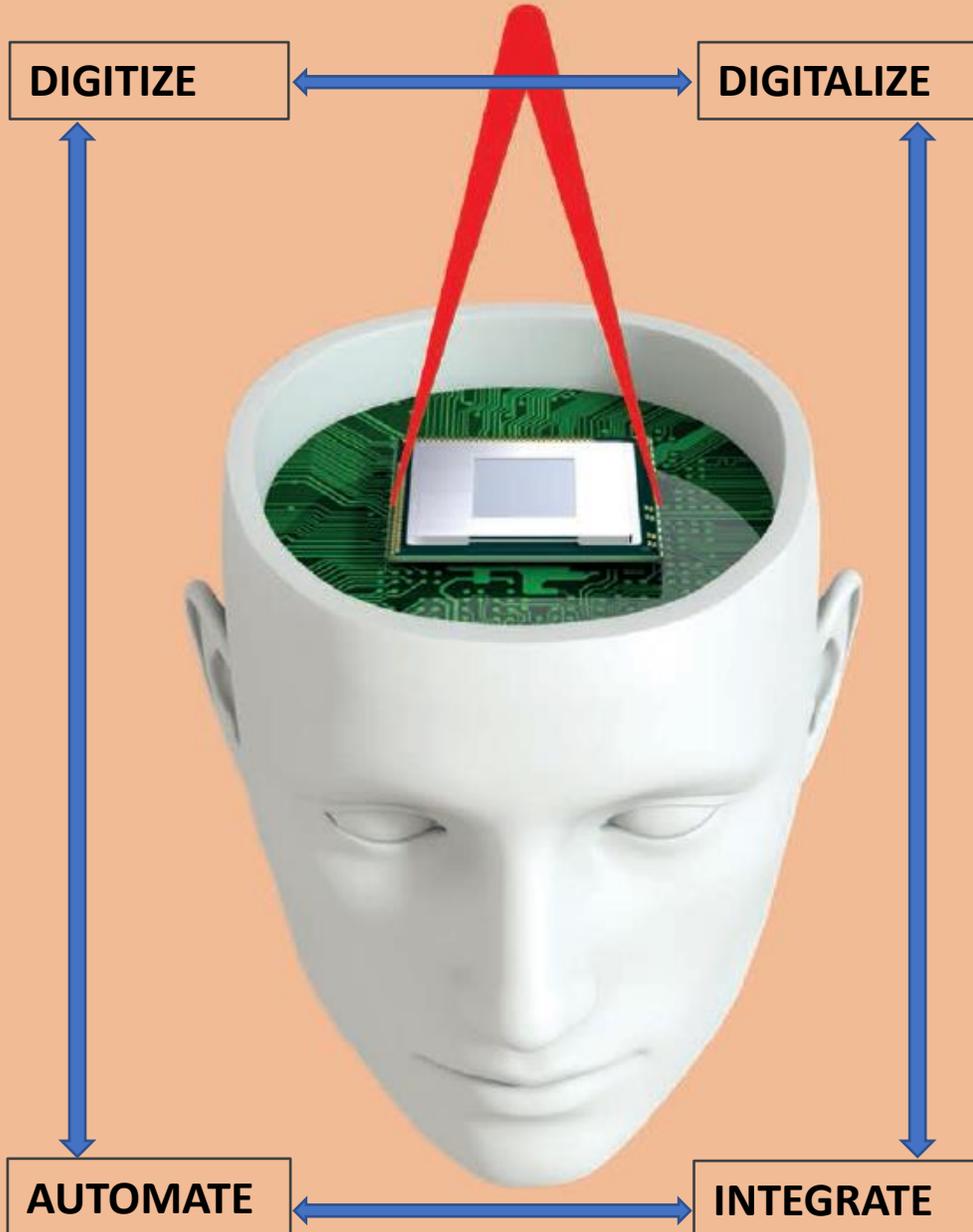
COVID-19 IMPACT ON FINANCIAL REPORTING BY ENTITIES

- Clients face myriads of challenges to stay in business and ensure timely financial reporting;
- CFOs face trying times to ensure measurement of financial estimates, assess impact of COVID uncertainties on supply chain and consequent impact on impairment of inventories;
- CEOs run for cover to protect clients and customers and ensure business continuity and provide revenue streams to protect future of business and entity reputation

COVID-19 IMPACT ON AUDITORS AND AUDIT ENGAGEMENTS

- Auditors facing practical difficulties arising from:
 - Accessing client information from remote location;
 - Additional time needed to assess impact of COVID-19 on financial reporting;
 - Review possible asset impairment, including losses due to business disruption, if any
 - Uncertainties relating to going concerns
 - Materiality issues arising from significant 'subsequent events' and impact thereof on reporting & disclosures.

Understanding Technology for Audit



PLANNING FOR TECHNOLOGY FOR REGULAR AUDIT PROCESS



Evolving Technologies for Audit & Auditors

- Technology is changing the way business is conducted and data is analysed. There is an increasing focus on data management.
- 'Know Your Data' (KYD) is the new buzzword associated with Audit profession after 'Know Your Client' (KYC).
- Artificial Intelligence, Blockchain, Cybersecurity & Data Analytics are the game changers for the Audit profession, transforming the roles and performance levels of the Auditors.



ARTIFICIAL INTELLIGENCE (AI)

Artificial intelligence (AI) refers to machines undertaking tasks which require some kind of 'intelligence', which typically refers to things such as learning, knowing, sensing, reasoning, creating, achieving goals and generating and understanding language. Recent progress in AI has been based on techniques such as machine learning and deep learning, whereby algorithms learn how to do things, such as classify objects or predict values, through statistical analysis of large amounts of data, rather than through explicit programming.



CYBER SECURITY

Cyber security covers measures that protect networks, systems, devices and data from attack, unauthorised access or damage. Good practices in cyber security also cover a wider range of activities to monitor IT environments, detect intrusions or breaches and respond to security failures. Organisations face many challenges in building effective risk management around cyber security, including the spread of cyber risk across all organisational activities, the external nature of many of the threats, and the pace of change in the risk.



BLOCKCHAIN

Blockchain is a foundational change in how records are created, kept and updated. Rather than having one single owner, blockchain records are distributed among all their users. The success of the blockchain approach is in using a complex system of consensus and verification to ensure that, even with no central owner and with time lags between all the users, nevertheless a single, agreed-upon version of the truth propagates to all users as part of a permanent record. This creates a kind of 'universal entry bookkeeping', where a single entry is shared identically and permanently with every participant.



DATA

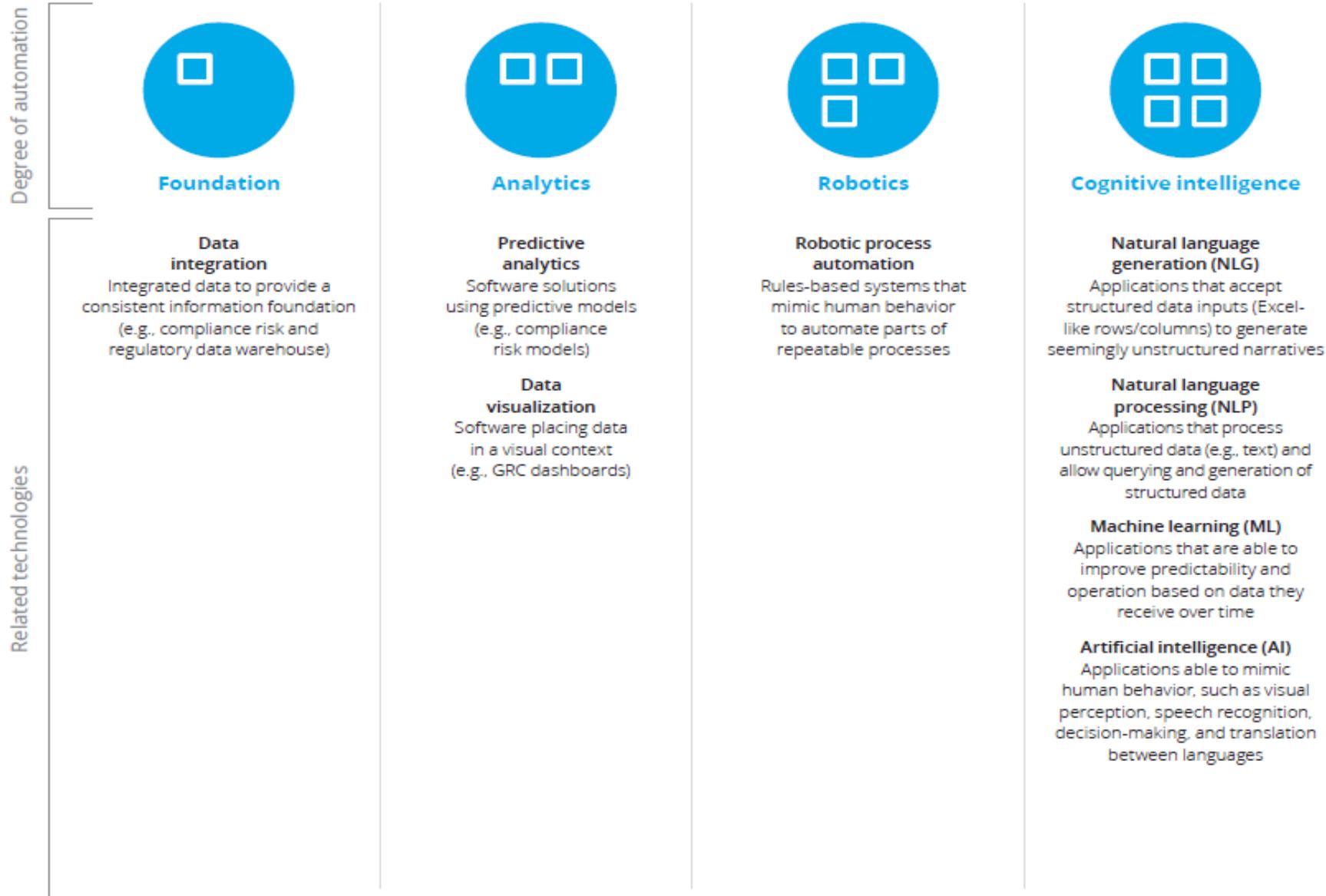
Data is at the heart of all economic activity, including the accountancy profession. Recent technology-driven improvements to data capabilities include the ability to access very large amounts of data; new sources of data, particularly unstructured data such as text and images; and greater emphasis on speed and real-time data. Different uses of data and associated analytics tools highlight different aspects of these characteristics. The ability to process large volumes of data enables analysis of entire datasets, rather than samples, or examination of more granular data. Linking together data from different systems, or new data from third parties, can provide fresh insights.

Disruptive Technologies for Digitalization of Audit process

- Audit profession is in the midst of exciting technology convergence arising from business and economic imperatives
- Technological advances and trends in Advanced Analytics, Robotic Process Automation(RPA) and Cognitive Intelligence (CI) are rapidly reshaping the business models of the Audit profession and the Auditors, improving their productivity and enabling innovation in the way Audit firms connect with clients and provide top-class technology supported solutions / services.
- Disruptive digital technologies build upon – and extend – foundational and analytical technologies.
- By introducing new automation capabilities through RPA and CI, disruptive technologies can offer the Audit profession with large gains in efficiency and effectiveness.
- Many leading Audit Firms and Auditors use one or more or all the technologies shown in next slide to manage their day-to-day operations.
- Therefore, it is imperative that the Audit Firms and Auditors must stay in step to gain the BENEFITS OF DIGITALIZATION.

(Refer digitalization technology tools for Auditors in next slide)

Digitalization Technology Tools for Auditors



Technology Solutions for seamless remote working

- ❑ Excel-based tools can increase efficiency
- ❑ Audits can be done remotely with the right cloud technology
- ❑ Remote working will fast track new technology implementation
- ❑ Enables assessing the best service for your practice with right remote working automation tool
- ❑ **Key technology facts of common audit automation tools that can increase efficiency and speed.**

		CaseWare	KPMG Financials Checker	Inflo	Microsoft Power Bi	MindBridge Ai Auditor
Technology employed	Artificial Intelligence	✓		✓	✓	✓
	Data Analytics	✓		✓	✓	✓
	Data Visualisation			✓	✓	✓
	Excel (add-in)		✓		✓	
	Machine Learning	✓		✓		✓
	Process Mining			✓		
	Robotics Process Automation	✓		✓		
Data storage	On-site		✓		✓	
	Cloud	✓	✓	✓	✓	✓

Technology Solutions for seamless remote working (contd....)

Key technology facts of remote working solutions for Auditors

CaseWare allows for and supports cloud accounting, data import, data mapping, data validation, AI-based testing, AI-based analysis, automated preparation of financial statements, data visualisation and compliance.

Financials Checker automates the internal checking of financial statements, annotating the primary financial statements to the notes in under 30 minutes, which manually, can take up to a day in some instances. Financials Checker is not limited to financial statements and can be used on any report that contains numbers within tables and internal referencing.

Info combines digital client collaboration, a suite of advanced analytics and the direct extraction of data from 100 per cent of client accounting systems.

Microsoft Power BI is an enhanced Excel capability with hundreds of data visualisations, built-in AI capabilities, tight Excel integration, and prebuilt and custom data connectors.

MindBridge Ai Auditor is an AI-powered risk assessment platform able to analyse 100 per cent of transactions. Ai Auditor identifies unusual transactions by looking at transaction flows between all ac

Remote Audit – Execution and Communication Technology

- *REMOTE AUDITING can be defined as the process by which Auditors couple information and communication technology with data analytics to assess the accuracy of financial and other data and internal controls, gather electronic evidence, and interact with clients, all without the need to be physically present.*
 - *The REMOTE AUDIT can be utilized to aid a traditional periodic or regular audit and many of the components of Remote Audit can be executed independent of one another.*
 - *ICAEW and IFAC envision that REMOTE AUDIT will be the future of the global audit process in the current context of social, political and economic turbulences and will eventually replace the traditional location-based physical audit by the Auditors..*
- As management of enterprises, big and medium to be definite, seeks to control costs, improve quality and product delivery, and take full advantage of emerging information and communication technologies (ICT), **AUDITORS** – External & Internal – largely look to make best opportunity of REMOTE AUDIT which becomes increasingly sensible.
 - The integrated audit of the future, with real-time evidence feeds and both *Remote* and *In-Location* components, will be very different from the current / traditional audit work and is being largely deployed by many large and medium size audit firms.
 - During a REMOTE AUDIT, Auditors would seek to interact with different departments and functions of the firm, and where required with Third Parties, over long distances using remote communication technologies such as web conferencing and remote access to information system clouds.

Global Accounting Bodies' Guidance to Audit profession on COVID-19 contingencies

IAASB's Guidance on External Audit for COVID-19

External Audit Guidance Audit- Adjusting audits to the circumstances of the current pandemic.

- The International Accounting and Assurance Standards Board has published a staff statement that provides:
 - Guidance on how to deal with the consequence of Covid-19 while conducting an audit,
 - Guidance in using the standard that presents 3 useful charts in the area of risks, accounting estimates, and issuing an audit opinion.
- Entities being audited are adjusting to the changing environment relating to their businesses and operations, including financial reporting processes, disclosures in financial statements and their ability to maintain operations in the foreseeable future.
- Similarly, auditors have to adjust as to:
 - how they obtain sufficient appropriate audit evidence on which to base the audit opinion, amid challenges relating to, among other things, access to people or information;
 - revising the identification and assessment of certain risks of material mis-statement; and
 - changing planned audit procedures or performing alternative or additional audit procedures as may be appropriate.
- Auditors may also find that the current circumstances bring opportunities to do things differently, for example, by using new, or flexing the use of existing, technology resources.

Audit Supervisory Guidance

Audit Supervisory Guidance.

Key Guidance by renowned global accounting oversight bodies

- Institutions like The Committee of European Oversight Body, the FRC & AICPA have provided varied communication on the consequences of Covid 19.
- These bodies have acknowledged that access and travel restrictions as well as the limited availability of personnel due to health considerations may impair the auditor's ability to obtain sufficient appropriate audit evidence.
- Auditors are advised to explore alternative means to complete high-quality audits, including technology, to the extent possible, which may require additional time, which may impact reporting deadlines. Key matter for consideration should be Going concern.
- Auditors will need to assess whether the disclosures provided by the entity on the impact, both qualitatively and quantitatively, of the Covid-19 outbreak on its activities, financial situation and future economic performance is appropriate.
- Auditors may need to include a related emphasis of matter paragraph in their audit report or where this is not the case, auditors may need to modify their audit reports accordingly.
- In their report auditors are to pay attention to assessing whether the description of the entity's financial position, the principal risks and uncertainties that it faces and its likely future development.

Special Considerations for Internal Auditors & Internal Audit

CRISIS IMPERATIVES FOR INTERNAL AUDIT

- **Audit Plan Adjustments**

- Risk assessment/audit plan
- BOD and AC reporting of any changes

- **Internal Audit Agility**

- Interviews in a remote world
- Testing and control evaluation
- IA as a resource in evaluating changes to processes, identifying risks

- **Control Processes and Documentation**

- Internal control processes in a decentralized environment
- Threats to internal controls – Dive deep into ICOFR & RCM
- In-person or onsite controls

IA CAN BRING MORE TO THE TABLE IN CRISIS

MORE! BALANCING A TIGHTROPE WALKING!!

- Perform Problem-solving processes and provide solutions
- Extracts **insights** and support management
- Provide real-time, predictive analysis of control weakness areas
- Perform Data Analytics to provide:
 - ✓ **Risk-focused:** i.e., controls effectiveness, fraud, waste, policy/regulatory non-compliance or
 - ✓ **Performance-focused:** i.e., increased sales, decreased costs, improved profitability.



HOW INTERNAL AUDIT CAN RESPOND IN CRISIS

Re-assess & Re-prioritize to support external auditor

- Perform sensitive system / ERP reviews to focus on parameter exceptions like:
 - Authorization limit exceptions;
 - Timing or age exceptions;
 - Matching amounts over variance thresholds;
 - Unmatched – orphaned or missing records;
- Investigate and report on exceptions

Focus on high-risk & top concern areas

- Consideration of potential scenarios resulting in exception;
- Assessment at various levels: globally significant business units and to-end customer accounts for better scopes;
- Assessment along industry lines and working on industry-wide representation for crisis betterment and redress;
- Testing the effectiveness of internal policies and controls;
- Ongoing monitoring and evaluation of key projects to assess performance and effectiveness;

Re-Engineer and address process risk areas

- Review existing entity process risk documentation
- Review and update existing analytics for efficiency and effectiveness;
- Conduct additional reviews for entity processes and identify new risks;
- Identify opportunities for improving operational processes through data analytics

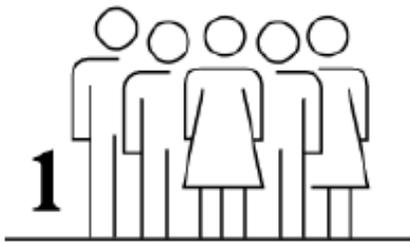
Innovate, invigorate & integrate

- Build team talents and skills through remote learning tools;
- Collaborate with leadership on revised focus areas and build consensus on management concerns in crisis times;
- Work with IT & IS teams for scalable online testing of cyber risks while company is engaged in remote working;
- Focus on addressing concerns of Board & Audit Committee with business impact analysis due to crisis and help build effective resumption plans;

INTERNAL AUDIT'S ROLE IN BUILDING CRISIS RECOVERY PLAN

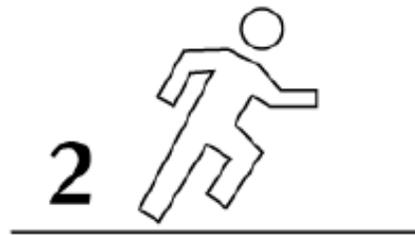
Internal Audit can think and work along with management across five key horizons in the COVID-19 Recovery Plan

The five horizons



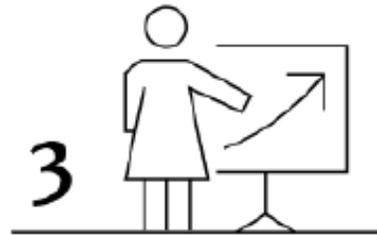
Resolve

Address the immediate challenges that COVID-19 represents to institution's workforce, customers, technology, and business partners



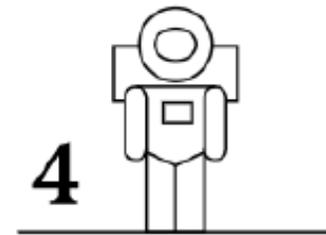
Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects



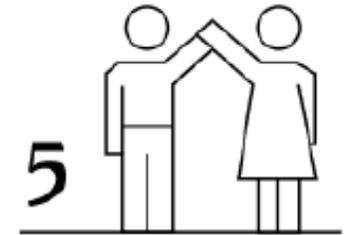
Return

Create detailed plan to return business to scale quickly as COVID-19 situation evolves and knock-on effects become clearer



Reimagination

Reimagine the next normal: what a discontinuous shift looks like and implications for how institutions should reinvent



Reform

Be clear about how regulatory and competitive environments in industry may shift

Innovate, Leverage (Technology) and
Stay Relevant

AUDIT RELEVANCE & TECHNOLOGY LEVERAGE

AUDITS IN REALITY

- Audits essentially for purpose – Regulatory or Funding or Valuation
- Purpose \neq Relevance
- Relevance vital for client retention & satisfaction
- Audit firms' marketing brochure differentiate relevance with insights and value-adds
- Reality is Corporates regard Annual Audit as a necessary evil or cost of statutory upkeep of corporation
- Results of KPMG Survey of 2018 – NO VALUE ADD AND ROUTINE

WAYS TO CREATE AND ADD RELEVANCE

- Innovation & Relevance go hand in hand;
- Audit Firm to match client's surfeit of technology deployed;
- Speed, Variety, Insights and Comparatives differentiate add to Auditor's relevance;
- Understanding of client's business / industry both by Partners and by Audit staff vital for remaining relevant;
- Communication add to insights and drive relevance.

AUDIT RELEVANCE

- RELEVANCE – making audits more meaningful to client.
- To be RELEVANT, the Auditor has to;
 - Address the unique environment of the client;
 - Meet the goals of the Audit Committee;
 - Address management decision making style;
 - Keep aloft the company's relationship to the industry;
- Auditor, essentially, to demonstrate the desire to address the client's unique positional & operational environment;

LEVERAGING TECHNOLOGY TO ADD RELEVANCE

- Contemporary Technology tools to gather and disseminate vital client information to be deployed;
- Firm-to-Client portal, Cloud Document Management, CRM Systems and External Data Mining appropriate tools to keep client connection alive;
- Futuristic tech tools such as Cognitive Computing & AI tools enable seamless scan and auto-push of client relevant data.

AUDIT OF THE FUTURE – MEETING NEW NORMAL

The Next Generation GAME Plan for Auditors & Audit Firms – KEY SUCCESS FACTORS

- Commitment, Culture & Agile Mindset and Keep pace with disruption;
- See the Forests – Sustain a Long-term Vision
- Empower people to innovate and reward innovations meeting new normal;
- Seek and demonstrate quick gains – Establish winning mindset;
- Recognise two sets of ripple effects – Change to new technology life cycle and Changes to audit processes;
- Integrate adaptability into the design – meeting near & long term objectives and need to build talent pipeline;
- Shape audit process to be more nimble, more flexible and more innovative.

We (Auditors) are called to be architects of (our) future, not its victims.

*Buckminster Fuller,
the American Architect*

Last Steps



Stay connected to your teams, at this time the safety and well being of our CA fraternity and family is of the utmost importance.



Reach out to your clients, not to sell work but to offer guidance and understanding during these difficult times and enable professional excitement.



Continue with your audit assignments through remote means and your staff working from home and enable meeting clients' time and quality norms.



Please send your feedback on this presentation to **PK RANGANATHAN** at pkrnath1958@gmail.com

Thank You