Following a string of high-profile corporate collapses and accounting scandals, the Financial Reporting Council (FRC) has enhanced its scrutiny of the UK audit industry, claiming there has been an ‘unacceptable’ decline in the quality of audit work. To drive a positive change in audit quality, there is speculation that new regulations, similar to Sarbanes Oxley in the US, could be introduced in the UK. This type of regulation would require top officials to attest that their company’s internal controls are robust enough to ensure that financial statements can be relied on. An external auditor would check the assertions, making top executives personally liable for breaches.

With this in mind, the word ‘audit’ can send anxiousness through even the most prepared accounting team – but it doesn’t have to be that way. There are ways to minimise potential pain points and pressures during the audit process, starting with embracing technology. After all, when it comes to accounting and finance, modernising traditionally manual processes with technology is paramount for both
minimising risk and instilling confidence amongst various stakeholders.

**Minimising audit pains and apprehension**
The year-end audit can be a painful ordeal at the best of times. It often involves digging up information from applications, shared drives, spreadsheets, and paper binders; not to mention the continuous back-and-forth between accountants and auditors over email, on-site meetings, and conference calls. What’s more, for the majority of finance and accounting (F&A) teams, the audit burden runs in parallel with tight monthly close deadlines, causing additional pressure. But necessary as the audit may be, the stress and inefficiency that surrounds it are not. Technology can minimise the pain points associated with audits—reducing error-prone work, ensuring stronger controls, and providing real-time access to necessary information.

For example, by implementing financial close automation software, F&A teams can automate month-end close processes, from account reconciliations to balance sheet fluctuation analysis; eliminating error-prone manual work. This software is embedded with a number of controls to help ensure adherence to policies, procedures, and regulations, and helping to build out a systematic financial controls environment. Ultimately, this helps create clean, validated financial records and a single, unified source for accounting close information.

This simplifies how F&A professionals and auditors find, share, and review information. Sifting through transactional details takes minutes—compared to hours or days with a manual approach. Financial close platforms also enable you to provide external and internal auditors with read-only access. This means there’s less prep time, back-and-forth, and chasing down details. When these activities are streamlined, F&A teams can focus on delivering necessary and thoroughly validated information to both stakeholders and auditors.

**The key advantages of financial close technology in audit processes**
Once the above processes are in place, auditors are able to shift from detective, reactive audits to a proactive, automated approach that delivers three key advantages:

- Enhancing transparency and improving the client-auditor relationship
Transparency helps to build trust. Auditors work best when they can easily assess the ‘who, what, when, why, where and how’ behind any account balance or journal entry. With an accounting automation platform, the hassle caused by back-and-forth exchanges and piecing together (sometimes missing) details can be replaced by confidence that information is documented and accessible in a single location.

This transparency and trust extends across all levels of audit teams, from staff to senior executives. It’s a win-win relationship that pays dividends for years to come because the auditor can serve more as a strategic advisor, better able to help the organisation understand and comply with complex accounting regulations.

- **Streamlining audit processes**
  Between quarterly reviews, year-end audits, and other process audits, companies can often feel like auditors are here to stay. But thanks to modern technology for financial close automation, more efficient audits are now available. Now, auditors and clients alike can benefit from reduced ‘prep time’ thanks to digital files being in one place; less confusion of ownership of tasks and their status thanks to real-time access and oversight; and a simplified ‘prepared by client’ (PCB) management process, i.e. the process of clients providing and requesting information to support audit procedures.

- **Reducing costs and time**
  While there may not be a specified audit fee discount for embracing technology, there are a number of ways technology can help to minimise costs. Firstly, with anywhere, anytime access to a centralised platform, auditors can work remotely (a must-have ability in post-pandemic world), meaning the need for onsite visits is minimal and travel and other costs associated with on-site work are much lower. For auditors, this also allows them to flex their time between clients, potentially increasing productivity and billable time.
  Secondly, if auditors find errors, they may proceed with additional sampling that can trigger unexpected fees, as extra testing is outside the anticipated scope. Technology reduces this risk of error and as a result, auditors may focus on testing IT controls or reviewing configurable business rules rather than performing extensive sampling and detailed testing of transactions.

**Looking ahead to the future of auditing**
In today’s increasingly complex operating and regulatory environment, the expectations around audits are shifting. Compliance and internal audit teams can no longer be reactionary; they must take a proactive approach to identifying and monitoring risk. Faced with an increasing demand for efficient and quality reports, there’s never been a better time to increase control through technology.

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