

CPA.com Leader:

Big-Firm Users of Dynamic Audit Solution Enthusiastic, but Adoption Requires Big Changes and Strong Support

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As CPA firms are automating their audit processes in various ways and a select group started using the long-awaited **Dynamic Audit Solution** a few months ago, INSIDE Public Accounting Monthly checked in with CPA.com, the technology arm of the AICPA, to get an update.

The Dynamic Audit Solution (DAS) project, **launched in 2018** as a collaboration with **AICPA, CPA.com, CaseWare International** and a significant number of IPA 100 firms, was intended to transform the audit process—“what they look at, when they look at it and how they look at it,” according to **Ericka Racca**, CPA.com’s director of audit professional services. Roughly \$50 million had been committed to develop new methodology, with CaseWare investing tens of millions more to build its new cloud platform.

DAS should be commercially available later this year to early-adopter firms, Racca says. Here is a lightly edited account of Racca’s responses to our questions.

What’s been your experience with firms implementing the Dynamic Audit Solution? What are their pain points? What benefits are they seeing?

We’ve been working closely with select firms who have been using DAS in live audits, and the feedback from audit staff at all levels has been extremely positive.

One of the key pain points auditors have typically faced within an audit engagement stems from the need to access and analyze data from disparate systems that don’t interface with each other. This requires a lot of manual work and increases the risk of errors. DAS provides the capability to integrate that information into one platform, eliminating a significant burden for staff by allowing the auditor to stay in that one platform to complete his or her job.

Additionally, DAS makes the audit engagement much more engaging for staff by eliminating mundane data-entry tasks so they can focus instead on using that data to deliver deeper insights and risk assessments to their clients.

Plus – for early career staff especially – the guided methodology enables them to understand the “why” of what they’re doing instead of simply filling out checklists and performing the same procedures based on last year’s audit. Additionally, some of the firms doing live audits today believe that coupling the innovative technology solution and the ability to deliver higher-value work is really offering a competitive edge when it comes to attracting and retaining talent.

How widespread is adoption of DAS and what size firms are most commonly using it?

A cohort of firms that have been part of the collaboration with AICPA, CPA.com and CaseWare performed the first live audits with DAS in the spring of 2023. DAS will be commercially available later this year for early-adopter firms that meet the readiness assessment criteria. What we mean by this is that strong change management and support from leadership is critical to successfully implement DAS, and firms will need to assess business processes and workflows, evaluate team skillsets and transition to a single taxonomy to prepare for the transition.

While DAS was developed with a consortium of the top 100 firms, this does not mean it is only for large firms. DAS provides auditors with a deeper understanding into each individual client and the risks associated with that client and their industry. This approach can benefit audit quality and client insights regardless of the size and complexity of the client being audited, and DAS is being built to support appropriate scaling for smaller, less complex clients.

In one of the sessions at the recent ENGAGE 23 conference, the speaker noted that the Dynamic Audit Solution is not for every firm. Do you agree, and can you elaborate?

Depending on where firms are in their audit transformation journey, firms may also consider implementing one of the other solutions first, such as **OnPoint PCR**, **OnPoint Audit** or **OnPoint EBP**.

Can you briefly discuss the benefits of a re-engineered audit? Efficiency is one, but how much more value would the “audit of the future” create?

Emerging technologies are creating tremendous opportunities. Auditors can reimagine how they perform an audit to improve quality and inform greater insights and value to the client through data-driven AICPA methodology and guided workflows, real-time collaboration and robust data analytics. A few specific benefits I’d highlight include:



Ericka Racca

- ▶ Visibility to more client data. Having a fully integrated solution gives the ability to import multiple data files from the client that can be used in analytics and other analysis. This provides auditors with insights into the client data that may have been missed through traditional audit methods or the use of disparate point solutions.
- ▶ Improved risk assessment. DAS has built-in, integrated analytics to enable auditors to identify and respond to relevant risks through every stage of the audit.
- ▶ Guided methodology. The methodology is built into the application. The imported client data and information about the client documented by the auditor is used to help auditors identify risks and the proper response at the appropriate time.

Pre-COVID, there was some discussion about auditors possibly losing their jobs to automation, but it seems that those fears have abated. Do you agree?

The expertise, critical thinking and ethics that an auditor brings to an audit engagement has never been more important. Technology cannot replace the critical role of the auditor, but it does offer enormous potential to augment what they do. Firms that embrace technology and transformation will be well positioned to meet the needs of today’s and tomorrow’s clients. 📌