

Opportunity through audit transformation

Audit Transformation Report

2025 CPA.com and AICPA
Audit Benchmark Survey



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Introduction

The audit profession is undergoing a period of significant transition. New technologies, evolving standards, talent constraints, and rising expectations from clients and regulators are reshaping how assurance services are delivered. Yet while “audit transformation” has become a common phrase, there has been limited shared understanding of what transformation looks like in practice—or the actual progress that firms have made.

This report provides perspective directly from firms on the current state of audit modernization. Drawing on data from our survey of fifty-four U.S. CPA firms of varying sizes and maturity levels, this document offers a clear picture of where firms are making progress, where challenges persist, and what meaningful transformation entails. While the survey is not a representative view of all CPA firms, the themes provide a springboard to discuss this period of transition across the profession. The intent is not to prescribe a single path forward, but to ground the profession’s discussion in real-world practices, barriers, and opportunities.

Across the dataset, firms reported both optimism about the potential of transformation and uncertainty about how to operationalize it. Most firms continue to rely on long-standing methodologies; 75% have not formally documented a transformation plan, and nearly one-quarter report no use of AI or advanced automation tools. At the same time, firms that are further along in their journey cite measurable gains in efficiency, audit quality, staff experience, and client satisfaction—offering an emerging view of what modern audit delivery can look like.

By establishing a baseline, this inaugural Audit Transformation Report aims to support a more informed conversation across the profession. The themes surfaced here reflect where firms are today and illuminate the strategic, methodological, and technological shifts required to meet the needs of tomorrow’s audits.

Erik Asgeirsson
President & CEO, CPA.com

Susan S. Coffey, CPA, CGMA
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About the audit benchmark survey

The 2025 audit benchmark survey examines where certain firms stand in their transformation journey, assessing firm awareness, current practices, and plans for new methodologies and technologies. By capturing a snapshot of firms' perspectives and activities, the report of the survey data establishes a baseline to better understand the profession's needs, guide technology adoption and inform strategies that support firms today and in the future. The survey's purpose is clear: to turn "audit transformation" from a broad concept into a measurable benchmark for the profession. As firms respond to pressures reshaping audit and assurance — including new technologies, evolving standards, updated methodologies, and shifting skill requirements — the survey provides an informed view of the current landscape. Survey responses reveal both meaningful progress and areas for continued growth. Small, consistent steps can drive significant change, and strong leadership is essential. Firms that set clear strategies, define focused milestones, and foster accountability are best positioned to accelerate their transformation.

Technology as a catalyst for change

One notable result is that certain firms that are further along on their audit transformation journey are using technology to streamline audits and reduce time spent instead of a traditional audit approach. These more progressive firms are also experimenting more with AI and report more positive outcomes from using advanced technology.

However, these firms are not just using advanced tools. Many of these firms are utilizing familiar tools that are already in their technology stack, like Excel and/or Power BI to perform functions like data analysis. Firms reported these familiar tools are easily in reach. Meanwhile, more advanced firms perceived using technology tools as a competitive differentiator in attracting and retaining clients.

The survey responses also indicate that there is room for firms to improve their use of technology. Firms using AI report better quality, saved hours and reduced staff burden. In spite of these benefits, approximately one-fourth of firms aren't using AI at all, and 22% have zero automated solutions.



Audit transformation is rethinking the way we approach our audits, utilizing technology to unlock data insights that enhance the audit process.

Sarah Flischel, CPA, Director of Audit Transformation and Training, AAFCPAs



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The future of audit isn't coming — it has arrived. Embracing technology on the path to audit transformation is not merely an option for firms, but a crucial imperative for remaining relevant, enhancing audit quality, and delivering exceptional value in a dynamic and rapidly evolving marketplace.

Emily Remington, CPA, CGMA, PSA, Director, Audit Product Management, CPA.com

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5 key themes for audit transformation

The survey data revealed five major themes:

1

Audit technology is evolving

Advanced audit technologies and capabilities drive efficiency, enhance quality and deepen client insights. Firms that are further along on their audit transformation journeys report that their use of technology has improved their staff experience and helps serve as a value differentiator to clients.

2

Efficiency is a key driver of audit transformation

Efficiency has emerged as the driving force behind audit transformation. Firms looking to optimize audit performance recognize efficiency is more than just speed; it's about creating capacity and eliminating repetitive tasks so staff can perform at their greatest and best use, while maintaining audit quality.

3

Adoption of modern audit methodologies is beginning to accelerate

Despite the significant potential for increased quality and efficiency, it is only recently that firms are seeking to fully leverage modern audit methodologies, notably risk-driven auditing and data analytics.

4

Metrics are evolving, but slowly

As automation and AI become more widespread in audit and reduce the time spent on tasks, the traditional metrics of realization, utilization and billable hours are becoming less relevant. In their place, forward-looking metrics such as deliverable-based accountability and client readiness will become more relevant as measures of audit transformation.

5

Improving the experience for clients and staff

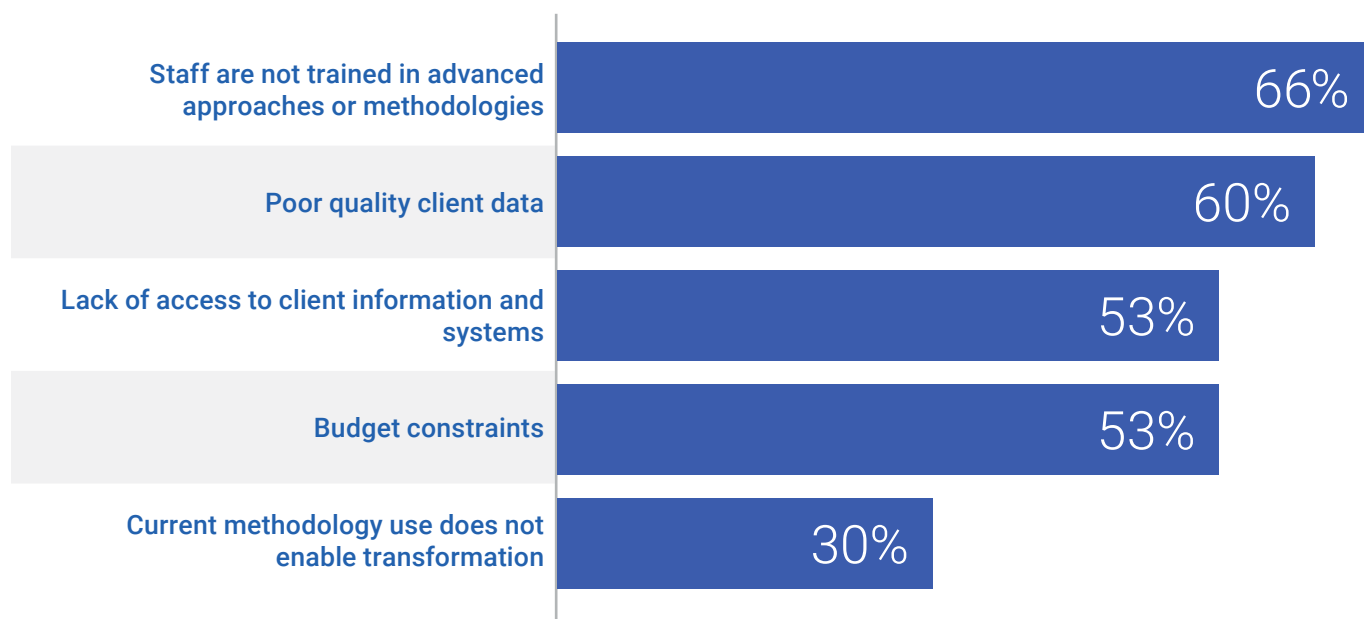
Audit transformation is not only about efficiency. It's also about creating vibrant workplaces where staff thrive and grow and minimizing client disruption while delivering quality, and value. Advanced technologies and new methodologies can make both possible.

Barriers to overcome

The survey also revealed many commonalities among all responding firms. Most identified the same core obstacles to audit transformation, but there are a few differentiators based on where firms are in their audit transformation journeys.

Firms that are further along are more likely to say that access to client data is their biggest obstacle. In contrast, firms that are early in the process are more likely to say that their current methodology blocks real transformation.

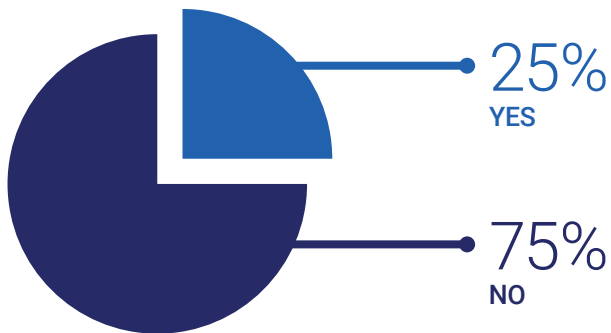
Top ranked perceived blockers and risks the firm faces in moving forward with audit transformation



Firms achieve success through formal transformation planning

A majority of firms (75%) do not have formal documentation of their audit transformation, demonstrating a huge growth opportunity. A formal plan helps leaders align around their practice goals, ultimately saving time and resources. Without a documented plan, firms may make costly mistakes by choosing technology or hiring talent that doesn't fit into their overall strategy.

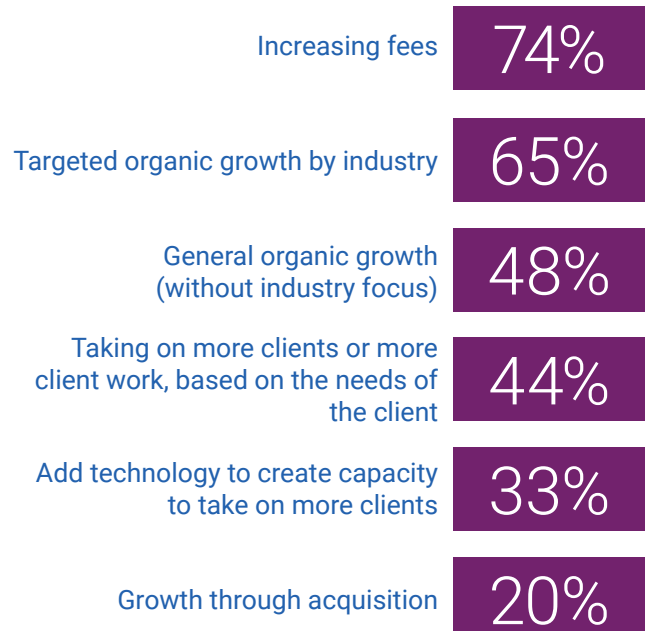
Is audit transformation formally documented?



Audit practice revenue growth

The median audit practice revenue growth for responding firms was 8%, and the vast majority of firms (89%) anticipate revenue growth in the next three years driven by price adjustments and targeted growth by industry. Combining these strategies with a formalized transformation plan and aptitude for change would likely yield even greater growth.

Anticipated growth strategies



THEME 1

Technology for audit is evolving

Firms at every stage of their transformation say the biggest shifts in the past decade have come from moving to the cloud and adopting AI. These changes have redefined how audit work gets done.

Cloud adoption stands out because it has made remote auditing practical and removed the need to store client data on laptops. As one firm put it, the ability to work from anywhere has been one of the biggest changes of the past ten years.

These advances are not only about flexibility. They have also raised audit quality. Along with cloud adoption, firms report new gains from data analysis, digital workflows, and stronger risk assessment practices.

Survey respondents identified many different tech applications they were using across these functionalities.

For which of the following does the firm have an automated solution?



Technology is reshaping how auditors work, and the profession remains resilient in the face of disruption. While firms who are further along on the audit transformation journey reported using more technology applications than those starting out, all respondents demonstrate an openness to technology.



Technology strategy is key

Despite the progress made in migrating to the cloud and AI adoption, many firms reported some degree of hesitancy toward technology. Much of this hesitancy stems from poor experiences with technology and unmet expectations. Firms reported negative experiences such as poorly designed interfaces, difficulty of use, high costs and lack of staff efficiency. They also highlighted poor integration with other technologies, resulting in redundant processes.

However, firms have demonstrated enthusiasm for cloud-based AI technology in this survey. Many of the issues associated with tech implementation stem from the lack of a formalized plan or investment in strategy. Firms that are willing to invest in an intentional approach to technology will be able to avoid many of the pitfalls associated with new technology while also seeing a strong ROI.

AI and audit

Most firms have yet to systematically leverage AI, though those actively experimenting are already experiencing significant gains. Approximately one-third of firms reported not using AI at all. Given that AI is here to stay, companies adopting a “wait and see” stance rather than actively exploring both the positive use cases and the limitations risk being left behind in the market.

Firms reported using AI in many ways

In research:

- To identify potential risks facing specific industries and regions
- To learn more about clients
- To aid in understanding industry guidance

In writing and document analysis:

- To draft documentation
- To summarize documents
- To analyze client contracts, leases, and debt agreements

In data analysis:

- To detect anomalies, enhance risk identification and improve sample selection

Survey use case

One firm reported that AI helped reduce staff workload while also enhancing quality. Timed with the implementation date for Statement of Quality Management Standards (SQMS) No. 1, these benefits are compelling.

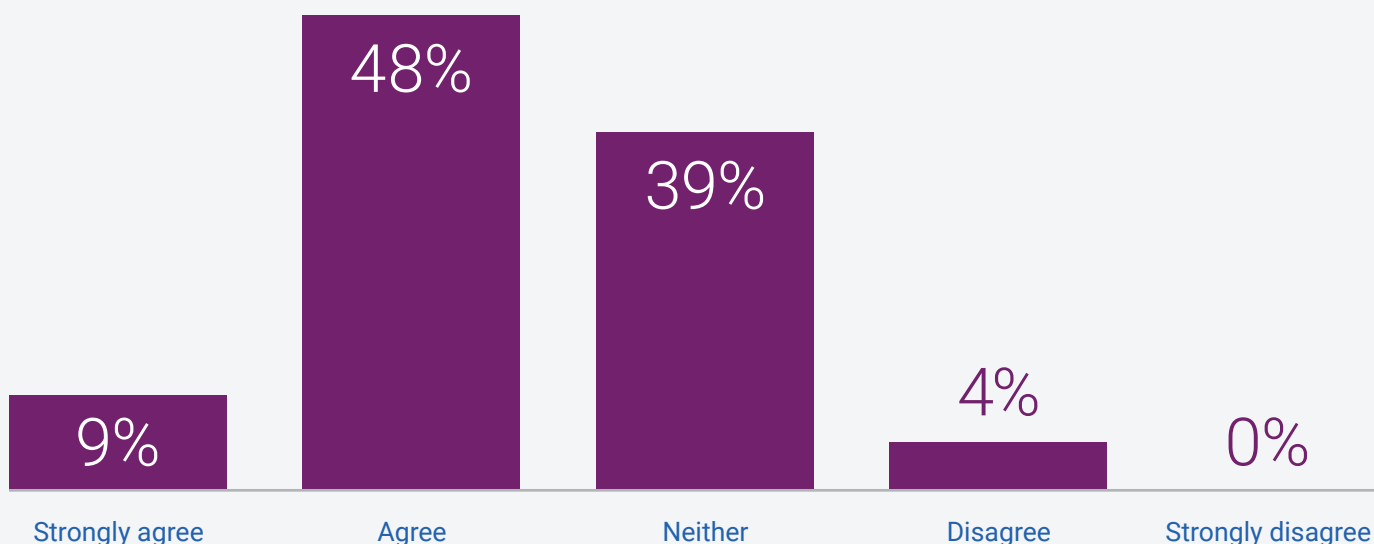
Technology ROI

When evaluating return on investment, firms consistently identified time savings/staff efficiency as the most significant benefit. This was followed by improvements in audit quality or accuracy and cost savings, but to a much lesser extent.

Which two outcomes does the firm prioritize most when evaluating return on technology investments?	Response
Staff efficiency (leading to time savings)	83%
Improvements in audit quality or accuracy	54%
Cost savings	37%
Increased employee satisfaction	7%
Increased client satisfaction	6%
We do not currently measure return on technology investment	6%

At the same time, firms are finding that using technology gives them a competitive edge. As businesses increasingly incorporate technology into their internal systems, they want their audit firms to do the same. Two-thirds of the firms (66%) reported that they communicate their use of technology and methodology with new and existing clients as a value differentiator.

The use of advanced technologies has increased audit client satisfaction



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Technology tools accelerate the ‘what,’ but experience and deeper client interaction are required to reach the ‘why.’

Tyler Anderson, CPA, Partner and Director of A&A Innovation at ACCOUNTability Plus

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Next steps for audit transformation: **Be intentional with technology**

STEP 1

Formalize and document the transformation plan.

Leadership must champion and document a multi-year plan that covers technology integration, methodology updates and required talent or training. Firms should tie this plan directly to their growth objectives, including the vision for their future.

STEP 2

Invest in a holistic, intentional technology strategy.

Start by analyzing your audit workflow to pinpoint where you can amplify the value of your engagement teams and then identify areas where software tools can streamline processes, enhance quality and empower your teams.

THEME 2

Efficiency is a key driver of audit transformation

Throughout the survey, firms cite **efficiency and overall audit quality** as their top priorities for audit transformation.

As noted in the previous section, **efficiency** is also seen as a top motivator for investing in advanced technology.

Strategies to reduce time on audits

Firms that have advanced their audit transformation efforts report a significantly higher use of time-saving strategies.

- Using technology to better enable traditional and new audit procedures
- Challenging prior year's procedures in relation to risk assessment
- Upskilling programs for staff to learn new technologies
- Leveraging advanced data analytics

These firms, in contrast to the firms just beginning their audit transformation, are investing time and resources now to improve efficiency and quality over the long term. They also demonstrate a greater willingness to adapt to the new tools and procedures that are key to audit transformation.

What strategies does the firm's audit practice prioritize to reduce time on audits?

Rolling the binders forward

85%

Assigning the same staff from prior year for continuity

79%

Using technology tools to replace traditional audit procedures

66%

Challenging last year's procedures in relation to risk assessment

64%

Carrying forward prior year risk assessment

60%

Templating the binder for a new client by using a current client binder

58%

Using prefilled forms

43%

Creating a generic binder template for new clients by segment

32%

Formal upskilling programs for staff to learn new technologies

26%

Leveraging advanced data analytics and automation

19%

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Efficiency alone is a compliance focus. Transformation demands reimagining the audit beyond speed.

**Alan Anderson, Partner and Founder,
ACCOUNTability Plus**

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Efficiency is more than doing things faster

Efficiency involves seeking alternative ways to reach the same goals and replacing time-intensive processes with approaches that deliver greater value. It's about focusing effort, doing the right amount of work by applying a risk-driven approach, and ensuring staff devote more time to the most critical risks.

Streamlined processes to eliminate redundancies free up capacity for practitioners to focus on the parts of audit that technology can't accomplish, like critical thinking and elevating the value delivered, in less time. Leveraging technology to eliminate tedious or repetitive processes can accelerate the learning process for early entrant professionals, and provides the opportunity to perform more advanced work earlier in their career. This can lead to higher levels of staff engagement, job satisfaction and retention while providing better work experience.

As certain firms progress in their audit transformation journey, the proportion of time they spend on each of the three phases of the audit — planning, fieldwork and wrap-up — also changes. Certain firms that are furthest in their audit transformation spend the highest percentage of their time in planning, less time in fieldwork and the smallest portion of their time in wrap-up.



Technology and efficiency

As stated above, time savings is the top metric firms tracked for return on their technology investments. While the promise of time savings is a powerful motivator for implementing new technologies and methodologies, some firms are finding efficiency to be just one of the many benefits of advanced technologies.

In addition to efficiency and reduced audit time, firms mentioned other advantages of using advanced technology, including:

- **Enhanced audit quality**
- **Improved staff morale**
- **Better industry insights and KPIs**

Which of the following positive outcomes does the firm's audit practice anticipate from the use of advanced technology, such as data analytics, artificial intelligence (AI), and machine learning?





Efficiency and the audit experience

A more efficient audit practice provides a better audit experience for both staff and clients. One firm described how their future methodology choices were based on a framework of reducing the administrative burden for audit staff and creating capacity for critical thinking, reinforcing audit quality and effectiveness:

“Every decision we make is based on this framework: Does it improve our critical thinking and make us better at what we do as well as reduce the administrative burden our people have?” This firm went on to stress how critical thinking “provides a significant value to our clients in helping them get better at what they do.”

Next steps for audit transformation: **Maximize efficiency AND value**

STEP 1

Systematically deconstruct and optimize current audit processes. Start by documenting the existing processes and identifying areas with duplicative work and high administrative burdens that add little value. Many tasks, such as data extraction, collecting client documents or identifying key data points in lease agreements, can be performed by technology or less-experienced staff.

STEP 2

Reinvest saved time into critical thinking and client insight. As technology and streamlined processes reduce audit time, make it a formal policy to reinvest a defined portion of that time (e.g., 20%) into higher-value activities like advanced data analytics, enhanced risk assessment and deeper client conversations.

STEP 3

Implement upskilling programs focused on the strategic use of technology. In addition to training staff on the basic features of new technology, create upskilling programs that teach data analytics and the critical thinking required to challenge prior year procedures and leverage the full capabilities of new tools.

THEME 3

Firms are struggling to leverage new approaches to audit

Audit transformation requires firms to reduce reliance on prior-year procedures and consistently tailor their approach to current facts, circumstances, and risks. Some firms are modernizing their audit practices by adopting a risk-driven audit approach, using data analytics, and incorporating roles beyond traditional accounting backgrounds.

A risk-driven approach is not yet fully leveraged

Auditing to risks has been required under the standards for nearly two decades, but some firms report that they're still struggling to fully leverage approaches driven by risk. While performing risk assessments, many firms

still find it difficult to determine where to focus their testing while maintaining quality and efficiency and the corresponding level of documentation.

Nearly 20% of firms expressed interest in improving or streamlining their audit approach. One firm reported wanting to update their audit methodology to place a "higher weight on risk assessment instead of relying on prior year workpapers." Another firm stated they are seeking to "leverage a methodology that is integrated with technology and focuses on areas of risk." A third stated they are continuing to shift to a "more risk-driven methodology and more transaction cycle auditing rather than account balances."

Thinking about how audit standards have evolved and your experience at your firm, which of the following outcomes are most impacted when audits focus on higher-risk areas instead of an over-reliance on prior year procedures?	Response
Quality	83%
Risk mitigation	72%
Resource allocation	51%
Findings	43%
Accountability	28%
Stakeholder value	28%
Other	4%

Reported challenges of adopting a risk-driven approach

Despite the benefits of adopting a risk-driven approach, firms are wary of the challenges involved. They're concerned about the costs and time associated with training staff and corresponding change management. Other noted challenges include:

- **Having enough documentation**
- **Time needed for planning**
- **Increased need for involvement from higher-level staff**
- **Client pushback**

One firm mentioned that this approach "requires more critical thinking" and that it is "harder to have leverage when new hires don't understand it enough to think critically." Another firm mentioned that their team isn't confident that they were doing enough of the right kind of work to meet the standard.

While firms are concerned about the challenges of adapting to a risk-based approach, many firms were quick to acknowledge the long-term benefits of doing so, including:

- **The ability to be more flexible in adapting to potential risks**
- **Accommodating the unique requirements of individual clients**
- **Audits that are more effective, efficient and engaging**

The hardest part of modernizing the audit isn't the technology; it's the change management required to lead through transformation.

Here's what successful firms are doing to navigate changes:

1

Prioritize clarity

Set defined goals with clear milestones, and be willing to revisit those goals to keep teams aligned, energized and grounded.

2

Communicate with intention

Create channels for intentional messaging, and include mechanisms for regular check-ins and for collecting and responding to feedback.

3

Support your team through the change

Address the emotional impact of change by helping individuals connect their skills to outcomes while highlighting improvements for team members and clients.

4

Empower champions for change

Identify key team members across departments and at all levels who can serve as internal advocates that can guide peers, share wins and troubleshoot problems.

Risk-driven approach and technology

In general, firms reported limited adoption of technology solutions for risk-driven audits. Fewer than one-quarter of firms (22%) responded to the question about the benefits of automated risk assessment, but those furthest along in their transformation were more likely to leverage automated risk assessment. Among the firms that are using this technology, every respondent reported a positive impact, with many citing a significant or transformational benefit. This points to risk assessment technology as a strong opportunity for firms looking to accelerate their audit transformation.



What we've found transformative is helping our team understand that not every identified risk has to be escalated to a significant or fraudulent risk. Sometimes you just have a risk that you note as a potential concern, but it doesn't necessarily impact the financial statements in a material way.

Tricia Katebini, CPA,
Partner, Audit & Assurance, GRF CPAs & Advisors



Data analytics are not yet fully utilized

While firms report performing analytical procedures as required, many have not yet tapped into the insights and information that audit data analytics can provide. Within this context, audit data analytics can be described as the process of discovering and analyzing patterns, identifying anomalies, and extracting other useful information in data underlying or related to the subject matter of an audit through analysis, modeling, and visualization and insights. So, while year-over-year comparisons are useful, data analytics goes much deeper.

89% of firms report that they are not currently leveraging technology to enable substantive analytics in audits. Several firms state that they are just getting started and are either seeking suitable tools for their industry focus or are just beginning to work with tools.

Of the firms that are using technology to enable substantive analytics, several firms report using technology for visualizations, **while others mention full population testing, AI anomaly detection, continuous testing, expense and revenue testing, and ratio analysis.** However, even these firms cite difficulties with data analytics, including the challenge of gaining access to client data.

While there is a learning curve with the use of data analytics, certain firms that are further along in their audit transformation journey are already benefiting. Nearly half of these firms report using data analytics as one of their time-saving strategies. Of these firms, about 50% report using two or more tools for data analytics, compared with 28% of all firms. For all respondents, the most commonly used tool is Excel/Power BI.

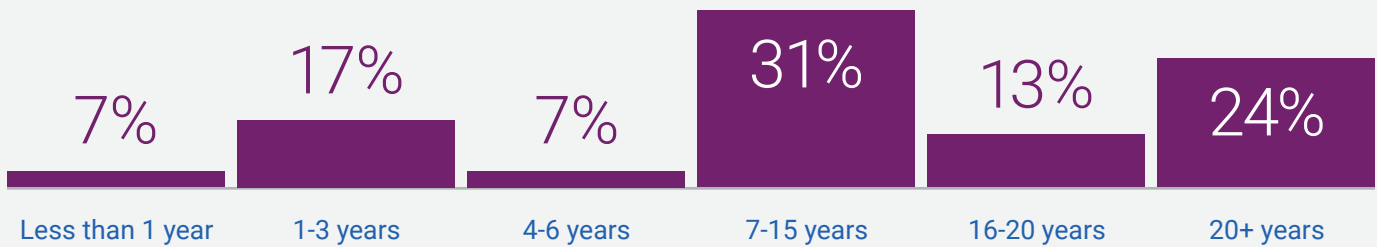
New approaches require new skills

Adding additional non-traditional skills to a firm doesn't always require upskilling CPAs. About a third of all firms identified that they needed at least one non-traditional skill, and approximately 20% reported having hired staff with non-traditional backgrounds or expertise. According to the survey responses, these firms appear to be utilizing a team of people with diverse skills, rather than relying solely on CPAs to possess all necessary skills. The firms taking steps to audit transformation were more likely to have non-traditional staff roles.

The non-traditional staff that firms included (in order of times mentioned):

- **Data analyst or data scientist**
- **IT specialists**
- **Audit coordinator or audit manager**
- **Software developer**
- **Assurance trainer**
- **Innovation leader**
- **Director of productivity**

How long has the firm used the current audit methodology?



Next steps for audit transformation: **Evolve firm audit methodology**

STEP 1

Proactively set expectations for the shift from over-reliance on prior-year workpapers to risk-driven auditing.

Transformation requires staff to pivot from “what” to “why,” enabling tailored and efficient work. Leaders must be transparent and supportive of the practical implications of change, including the necessary trade-offs that lead to long-term benefits. They should include training specifically addressing the mindset shift and overcoming the reluctance to abandon auditing based on prior year workpapers.

The move away from over-reliance on prior year workpapers feels risky and less efficient at first. By setting transparent expectations, the firm signals that this is a strategic investment in quality, not a temporary experiment. This validation helps overcome stakeholder pushback and team confidence issues.

STEP 2

Adopt technology that supports a risk-driven approach. Rather than digitizing old procedures, focus on selecting software that aligns with the standards and is designed explicitly to support a risk-driven methodology. This approach ensures the technology actively enforces the new standardized framework, removing personal preference and creating a reliable foundation for quality transformation.

STEP 3

Standardize risk input to eliminate personal bias and promote standardization. Eliminate personal preference by removing over-reliance on prior-year workpapers because it feels more comfortable. Firms must implement a single, non-negotiable template, process, or platform that requires objective, structured answers for documenting the risk assessment rationale.

STEP 4

Pilot, integrate and scale advanced data analytics. Data analytics reveal strategic insights by unlocking new ways to examine client information and identifying observations that may not be readily apparent through existing audit processes. Consider that success with data analytics depends on access to data, so client data management must become a priority.

THEME 4

Metrics are evolving, but slowly

As technology advances and tools like AI and automation shorten the time needed to complete tasks, traditional metrics like realization may begin to lose meaning. In turn, firms may find more value in tracking metrics associated with audit transformation, including:

- **Percent of engagements on value billing agreements**
- **Deliverable-based accountability**
- **Leverage**
- **Client readiness metrics**
- **Audit margin per engagement**

While nearly all firms track utilization and billable hours, those further along in audit transformation track the most metrics, including leverage and deliverable-based accountability. This suggests that these firms see the value of metrics that more closely align with performance.

What metrics does the firm's audit practice track?



Next steps for audit transformation: **Think differently about metrics**

STEP 1

Implement new metrics that support audit transformation. A successful modern audit metric needs to measure value, insight and sustainability — not just time spent. Here are three examples of modern metrics designed to support audit transformation:

Metric	What it measures	Why it works
Deliverable-based accountability	Tracks the completion and quality of outputs, e.g., risk assessment, data analytics, execution of audit procedures or drafting an insight memo, regardless of the hours spent.	Incentivizes quality. When an auditor completes the required high-quality deliverables in 20 hours instead of 40, it highlights how technology drives smarter performance without sacrificing quality.
Client readiness score	A structured, quantifiable measure of the client's preparedness, including data quality, controls and documentation, before the audit begins.	Promotes quality, efficiency and value. It shifts the focus upstream, bringing attention to the client to address data issues early, drastically cutting down on fieldwork time and friction.
Audit margin per engagement	Measures the true profit of the audit after accounting for the resources used, e.g., revenue minus cost-to-serve, independent of the old budget. Even if this is done as part of practice management, this exercise provides teams with a new way of looking at production.	Aligns strategy and finance. Since technology can lower the cost-to-serve, this metric correctly reflects the return on investment, which the billable hour may obscure.

STEP 2

Consider creating metrics of your own that align with firm-wide goals. We asked firms about metrics they were using, that would be valuable to them in future surveys, and their responses included:

Client satisfaction	Net client fees per professional (NCFPP) or revenue per FTE	Time spent on staff training	Time saved by using technology	Measures of growth by new client acquisition and lost clients
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THEME 5

Audit transformation can improve client and staff experience

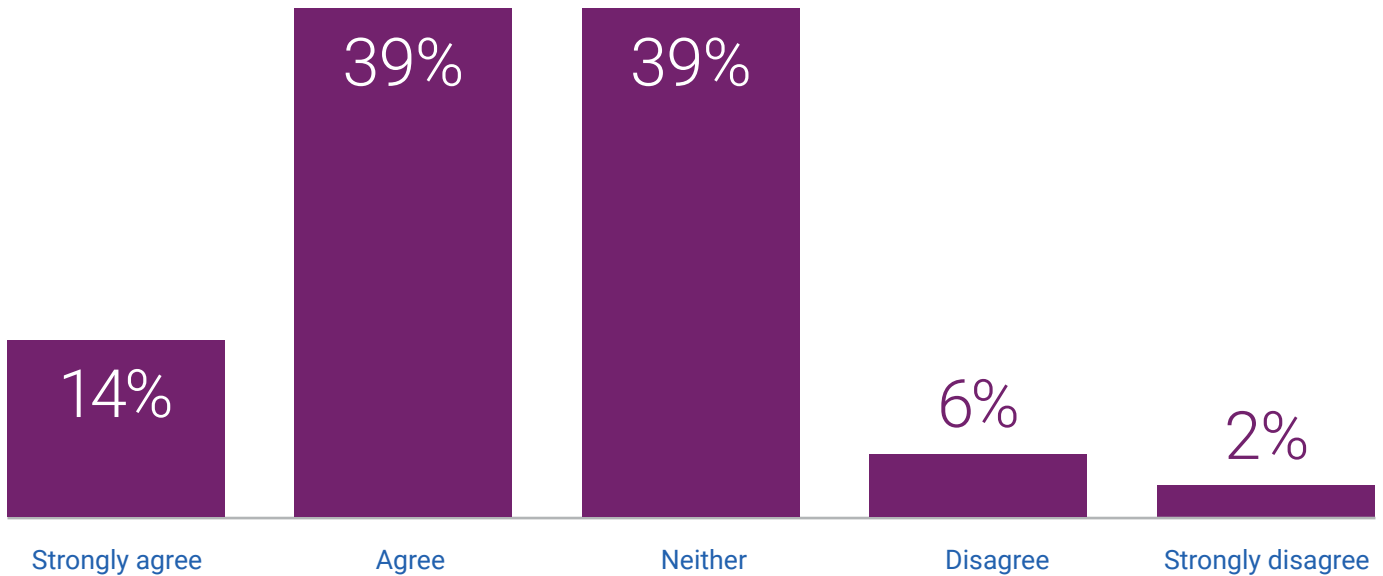
Audit transformation and associated technology are key to improving the staff and client experience with audit. Nearly three-quarters of the firms furthest on the path to audit transformation reported that advanced technology provides solutions for clients and increases client satisfaction while maintaining auditor skepticism.

More than 60% of survey respondents cited staff development and upskilling as a perceived positive

outcome from the use of advanced technology, while 66% noted that staff training in advanced approaches or methodologies is a potential blocker to audit transformation. It's clear that audit transformation presents a significant opportunity to improve staff retention, recruiting and training.

Where does the firm's audit practice gain the greatest satisfaction from clients?	Response
Audits conducted in the shortest amount of time and with the least disruption to clients' existing operations	65%
Insights and deliverables that occur outside of the audit report	55%
The audit opinion and opined financial statements	23%
Our financial statement package — the format, firm layout on aesthetic presentation of the information	21%
Using advanced technologies in our audit	19%
Our engagement team's use of our firm methodology	17%

Advanced technologies have produced data insights that benefit audit clients.



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Thanks to the technology tools we have in place (and sometimes, even those our clients use), we can be more intentional when we have conversations. That means we’re carving out focused time to dive into what truly matters in the audit by addressing the key questions and issues rather than interrupting them repeatedly for small requests.

Tricia Katebini, CPA, Audit Partner, GRF CPAs & Advisors

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Technology as a talent consideration

In addition to its efficiency and time-saving benefits, certain firms are finding that their technology investments are also leading to an improved staff experience. 48% of the surveyed firms reported staff retention and recruiting as a positive outcome of using advanced technology, which is critical in the tight talent market firms face today. In fact, many firms say employee satisfaction is one of their top metrics for evaluating technology investments.

One firm reported that an innovation they had made over the previous 10 years was “the use of technology to reduce data entry and make the employee experience better.” Another firm said that a priority in their audit transformation with technology is to “continue to push forward with more AI initiatives and automation to help increase efficiency, but also to improve the life of our auditors.”

Next steps for audit transformation: **Create a better audit experience**

STEP 1

Formalize the delivery of audit insights as a core deliverable. Dedicate a specific, scheduled client meeting to present operational intelligence derived from advanced technology (e.g., data anomalies, control weakness analysis, industry KPI benchmarks) as meaningful recommendations.

The formalization of audit insights as core deliverables institutionalizes the value-add of providing insights outside the report as a top client satisfaction factor and enables staff to engage in high-value client interaction. It transforms the client experience from a compliance check into a strategic business conversation, differentiating the firm through its advanced technology use.

STEP 2

Take an inventory of your team’s skills and interests. Look at individual strengths, the complementary skills of team members and opportunities for continuing growth. Find the best way to empower your people in a way that is exciting and energizing for the team.

STEP 3

Engage your audit teams in evaluating new technology. Pilot new technology your firm is considering and track employee satisfaction and retention when assessing the return on investment. Actively solicit staff feedback on which tools most effectively “improve the life of our auditors” by eliminating data entry and administrative burden.

Leveraging the audit transformation survey in your firm

Where to begin:

1

Share this report of results to leaders and forward-thinking members of your firm.

2

Schedule a leadership meeting to discuss the report findings.

3

Consider the focus area(s) most relevant for your firm today and the steps you can take to further your transformation.

4

Discuss ways to weave your firm's focus priorities into the fabric of your culture and the actions you'll take in the upcoming months.

5

Participate in continuing education webinars, deeper dives, peer sharing and practical case studies.

Throughout the next year:

1

Continue to take action on the report themes to build on your audit transformation momentum.

2

Download the Audit Transformation Glossary and use this language in your conversations and planning for transformation at your firm.

3

Benchmark your progress and track current and new metrics for your firm. Compare these to the survey findings as well as your own benchmark and goals.



Access the
supplemental resources

Appendix I: Survey methodology

The Audit Transformation Report is based on the data gathered in the Audit Benchmark Survey. This survey was created to provide the profession with a clear, practical view of how firms are evolving their audit practices. The goal was to move beyond general commentary and gather real-world data on the strategies, technologies and operational models currently in use. Accordingly, after several years working with firms, in January of 2025, CPA.com formed the Audit Benchmark Survey team, consisting of CPA.com thought leaders and subject matter experts, former and current practitioners, and survey methodologist and data analysis experts.

The team used a hypothesis-based approach and were intentional in the project development and planning phases, allowing time to discuss the changing landscape of the profession. The team engaged in conversations with many accounting firms and validated the question set through cognitive interviews conducted before the launch.

The 2025 audit survey was open for participation from June through August 2025. It was marketed to firms through direct campaigns, at the AICPA & CIMA ENGAGE conference, through firm association conferences, and through social media. As a result, 74 firms registered and responded to at least one survey question. The final dataset was narrowed to 54 firms with complete data defined by responses to key questions and total percent of answered questions.

Statistical analysis was performed on the complete dataset of 54 firms. Firms that provided incomplete or insufficient data were not included in the analysis.

Firms were statistically divided into three groups using k-means clustering based on identified variables to define audit transformation. Each variable was then evaluated for significant differences across the three groups using ANOVA (Analysis of Variable), a statistical test used to determine if there are significant differences between the means of three or more independent groups, and evaluating the size of the effects.

The responses received provide valuable information and insights into the current state of audit and offer directional understanding of the current and future states of audit transformation. We offer these insights to inspire all audit firms in their transformation journeys.

Audit transformation variables

- Metrics tracked
 - Pricing models
 - Non-traditional staffing
 - Strategies to reduce time on audits
 - Positive outcomes from advanced technology
 - Automated solutions use
 - Use of data analytics
 - Technology investment
 - Client satisfaction
 - Communication with clients of technology and methodology
 - Documentation of audit transformation strategy
 - Significant audit changes and innovation within the past 10 years
-

All open-ended questions were analyzed through grounded theory, using an inductive and iterative process to identify the key themes from the responses. The openended responses were also reviewed for differences in trends among the three groups.

We chose to report the median values of respondent data to represent the middle value, rather than reporting means which may be skewed by very large or very small practices.

CPA.com will conduct surveys regularly to measure the evolution of audit transformation in the coming years.

Appendix II: Glossary of terms

All of the terms below are defined specifically as they apply to audit transformation. Some of these terms, such as AI or data analytics, may have broader definitions, but in this glossary the meaning is defined specifically by the context of this report.

1. **Advanced audit tools:** Sophisticated tools and methodologies built specifically to enhance the accuracy, efficiency and effectiveness of financial audits. This includes leveraging data analytics, artificial intelligence (AI), and automation to identify patterns, anomalies and potential risks in financial records.
2. **Advanced technology:** Innovative technologies that improve processes by increasing efficiency, accuracy, and overall quality. Examples include AI, robotic process automation, blockchain, data analytics, cloud computing, Internet of Things (IoT), virtual reality, and augmented reality.
3. **Artificial intelligence:** The application of machine learning and advanced algorithms to analyze large datasets, identify patterns, and detect anomalies, extending beyond simple automation of existing tools.
4. **Application programming interface or API:** A software interface that enables different applications to communicate and share data seamlessly, supporting integration, real-time access, automation, and scalability across cloud-based systems.
5. **Audit transformation survey:** A structured questionnaire designed to collect data on audit transformation practices, helping CPA firms understand industry trends and providing insights to guide modernization efforts.
6. **Audit department:** A division within a firm dedicated to conducting audits, which may include staff with various levels of expertise and backgrounds.
7. **Audit efficiency:** The degree to which audit processes minimize time, cost, and resource usage while maintaining quality, often achieved through technology and streamlined procedures.
8. **Audit methodology:** The systematic approach and procedures used by a firm to conduct audits, which may include proprietary or internally developed methods.
9. **Audit practice revenue:** The income generated from providing audit services, including gross revenue and net revenue after write-offs.
10. **Audit quality:** The ability of a firm to consistently perform engagements and issue accurate, independent reports in compliance with professional and legal standards, supported by a risk-driven system of quality management.
11. **Audit transformation:** The comprehensive modernization of audit processes, methodologies, and technologies to improve quality, efficiency, and client service, while adapting to regulatory changes and fostering continuous improvement.
12. **Audit transformation plan:** A formal written plan developed by audit leadership to guide the transformation of audit practices, including the adoption of new processes, technologies and methodologies.
13. **Billable hours:** The hours worked by staff that can be billed to clients.
14. **Client readiness:** The extent to which a client is prepared for an audit, measured by the quality and accessibility of their data and systems.
15. **Continuous auditing:** An audit approach involving frequent or real-time execution of audit tasks using automation and data analytics, enabling ongoing risk assessment and timely identification of anomalies.
16. **Data analytics:** The process of examining data sets to draw conclusions and insights, often used in audits to identify trends, anomalies, and areas of risk.
17. **Data driven:** An audit approach that leverages data analytics and automation to analyze entire datasets, thus improving accuracy and risk assessment compared to traditional sampling methods.

- 18. Data ingestion:** The process of collecting and importing data from client systems into a database or storage system for analysis, ensuring consistency and accessibility.
- 19. Data quality:** The integrity, consistency, and accuracy of the data obtained from an audit client to promote reliable audit evidence, conclusions and client recommendations.
- 20. Data re-use:** The practice of leveraging previously collected data for multiple engagements to improve efficiency and consistency, often supported by analytics and advanced technologies.
- 21. Deliverable-based accountability:** A metric that tracks the frequency with which staff meet their deliverable goals on time.
- 22. Digitized data:** Audit-related information stored electronically to improve efficiency, accuracy, and accessibility, enabling advanced analytics and secure integration across platforms.
- 23. Direct connection:** A secure, real-time link between a firm's audit tools and a client's accounting software, facilitating automated data collection and continuous monitoring.
- 24. Dynamic:** The ability to adapt audit procedures based on evolving information and context during the engagement.
- 25. Efficiency:** Conducting an audit in a manner that minimizes time and resource expenditure while still achieving the audit objective.
- 26. End-to-end audit solution:** An integrated system covering all stages of the audit lifecycle, including planning, risk assessment, data collection, analysis, reporting, and wrap-up, thus eliminating manual data transfers and fragmented workflows.
- 27. Enhanced data insights:** The use of advanced technology to gain deeper, more accurate understanding of financial and operational information, often by analyzing large data sets, and then applying these understandings to support timely and precise audit conclusions.
- 28. Improved quality:** Enhancing the reliability and effectiveness of the audit process while maintaining the fundamental objective of providing an opinion on whether the financial statements taken as a whole are fairly stated.
- 29. Innovation:** The strategic adoption of advanced technologies and methodologies to improve audit quality, efficiency, and client value.
- 30. Net client fees:** The total revenue earned by a firm from its clients after deducting any write-offs or adjustments.
- 31. Realization:** A metric that measures the percentage of billed hours that are actually collected as revenue.
- 32. Traditional audit approach:** A checklist-driven methodology typically relying on sampling and substantive tests where equal or standard audit procedures are applied across most audit areas without being risk-driven.
- 33. Transformational audit technology:** Innovative tools and systems that fundamentally change how audits are conducted by redefining methodologies, workflows, and outcomes beyond simple automation.
- 34. Utilization:** The percentage of staff time spent on billable work compared to total available hours.
- 35. Value billing agreements:** A pricing strategy where fees are based on the perceived value of the services provided to the client, rather than the time spent delivering those services.

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