

## **The 3 Cs for A&A in a remote-based world**

### **By Alan Anderson**

The change to completely remote work has challenged the profession in many ways, particularly for A&A. It's hard for many auditors to imagine not going on-site for an audit mainly because we have always done it that way. Even in the at-client environment, auditors tend not to take full advantage of the on-site face-to-face connection with their client. But, however audit is performed, three critical components of auditing remain the same: computer use, connection and corroboration.

This article is the first in a four-part series that will cover these those three C's. But first let's talk on a high level about how we can take advantage of remote work by understanding the underlying components of each of the Cs.

#### **Computer use**

When we think of computers, I want you to extend this to the understanding of broadly leveraging technology, tools and techniques. In today's world, most firms use technology in a manner that replicates the paper-based world of audit from decades ago. Working remotely makes this even more difficult. Replicating the paper-based world requires auditors to be on-site at a client's location.

While we're now working in a remote world out of necessity, many of these techniques should have been deployed years ago. However, we are creatures of habit and continue to do things the same way we always have. Fortunately, today's technology makes it easier than ever to innovate new ways of getting our work done. By leveraging technology, we can find new – and often, better – methods for completing the work we would normally do on-site.

One typical audit procedure is inquiry. Most auditors do this on-site so they can have face-to-face conversations with the client's staff. In a world of video technology, there's no reason in the world face-to-face conversations cannot continue with easy-to-use tools like Skype, Teams, and GoToMeeting. These tools generally include screen-sharing capabilities so that everyone can look at the same thing at the same time. The client's staff member can bring up a relevant document so the auditor can see it, and the auditor can take a screen shot if deemed appropriate. This screen shot can be added to the file as corroborative documentation.

One advantage of using video conferencing tools is that these conversations can be recorded and transcribed. Tools like Otter.ai and Rev.com make transcription quick and affordable, if not free. Summaries of those conversations can be easily added to the audit file.

Even when audit staff is working on-site, the default is often to send an email to the AP clerk rather than going to talk to them. But talking to someone face to face has intangible benefits beyond the exchange of information. Making video conferencing the

preferred mode of asking questions over email allows you to leverage those intangible benefits.

Computers and the power behind them through software and other applications should seriously facilitate the efficient and effective conduct of the audit process while working in a remote environment.

### **Connection**

Connection in a remote world may mean establishing ways for your team to communicate with clients and ways to communicate with other members of the team. Whether internally or externally, this is *key* to maintaining relationships with staff and clients. We offer a few suggestions on how to maintain, or possibly improve, communications *right now* by taking better advantage of your systems. Let's look first at how to stay connected with your client.

Be proactive and go to the client with a communication plan. By taking the responsibility for this off their plates, you will reduce their stress. Your communication plan with clients should include the following:

- **Establish a plan before remote fieldwork begins.** Agree to the methods you will use to share documents and for video conferencing. Include the timelines for getting the work done. Add your clients as contacts for your video conferencing tool. For sharing documents, mandate the use of a cloud-based system such as Suralink, SharePoint or Collaborate. These are more secure and easier to manage than a series of emails with attachments.
- **Teach them to use remote technologies.** You can be a true asset and hero to your client by taking the time to show them tips and tricks on getting the most out of these tools.
- **Provide a sense of stability.** Establish a plan of regular check-ins and stick to them. Use these to deepen your understanding of your client, not just as a checklist exercise, but to more fully grasp what they are going through.

Connecting with a remote team may be an uncomfortable adjustment for leaders who are accustomed to observing people at their desks. In a remote world, responsibility and accountability move from time spent at a desk to the deliverable itself.

The key to successfully managing a remote team is establishing – and adhering to – a defined rhythm and process for internal firm communications. Depending on your firm size, you may need different processes at the engagement team, manager and partner levels. Engagement teams may need daily meetings, while the partner group may only need to meet weekly.

### **Corroboration**

Obtaining audit evidence to corroborate a client answer or management position is a key component of the audit. The level of corroborative information obtained should be

greater as the risk becomes greater. This is can be determined as the team reflects on their risk assessment procedures.

The audit standards require documentation such that an experienced professional, not familiar with the client, could understand what was done and would be able to repeat the procedure. Documentation of the evidence obtained is necessary but the documentation standard doesn't require that copies of every document examined be included in the audit file.

I like the PPC approach to documentation, which stands for Purpose, Procedure and Conclusion. Under this approach, memos, video recordings of conversations, screenshots from shared screens on video calls can all be leveraged to fulfill the requirements of the standards. Your team can be creative and extend the definition of corroborative evidence beyond the traditional paper and pencil world.

The challenges from the pandemic have hit your clients as hard as your firm, if not more so. The earth has shifted under all our feet, and forced auditors to retool the way they carry out their work. Regardless of the extent of your remote audit approach, you should focus on the three C's as the framework. The result: an audit model that can become the new normal for your firm over the long haul.