



Technologically FutureFit Accountants

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It has been more than seven months since the World Health Organisation (WHO) declared the novel coronavirus (COVID-19) a pandemic on March 11, 2020. As governments all over the world, including Malaysia, went into lockdown, many if not all sectors of the economy spiralled into an unprecedented state of uncertainty. The audit and accounting profession was no exemption. COVID-19 has been a major disruptor in the way we operate, carrying a significant impact on our communities, businesses, and governments. Even now, the world is still struggling to adapt to what has been coined the “New Normal”.

The question is, how can finance and accounting professionals become “future-fit” in adapting to the rapidly evolving business climate? On the same note, what can businesses do to meet the challenge of the new reality? The article below is based on discussions in a webinar titled “Technologically FutureFit Accountants” organised by MICPA in which several senior partners from various large accounting firms in Malaysia shared their views.

The Shift to a Virtual Work Environment

The future of audit at work has been a much-discussed topic in the industry in recent years. The good news is that since then, many firms have at least put in place some collaboration tools and processes that will allow their workforce to operate remotely even before the COVID-19 pandemic hit them. Organizations that were prepared for remote working were able to fare better, while others scrambled to get their IT infrastructure in place so that their business can continue running with as little disruption as possible.

During the 3-month long Movement Control Order (MCO) imposed by the government, audit firms were faced with many unprecedented challenges. Among them was the fact that auditors were unable to physically access clients’ premises to obtain sufficient appropriate audit evidence. Under these circumstances, the profession was forced to evolve and adapt through the use of technology and overcome these barriers caused by the pandemic.

Video conferencing software like Zoom, Microsoft Teams, Go-To-Meeting, Cisco Webex and Skype enabled professional teams to conduct virtual meetings and immediately became an essential tool for those working or studying from home. Whilst there were some security issues that arose even as popularity for some of these programs exploded overnight, software developers were able to adapt to these challenges fairly quickly by tightening encryption and security features. Even after the lockdown eased and movement control SOPs were relaxed, these virtual sessions have continued to become a safer and much-preferred way for people to meet in this new normal.

In light of the COVID-19 pandemic, webinars also became the new alternative to physical seminars, and was quickly adopted by many companies as a means to continue reaching out to clients despite the face-to-face limitation brought about by the MCO.

As audit firms saw their client servicing units transform into virtual offices – a feat made possible by employing systems to track staff performance and time cost charges, virtual documentation took over

hardcopy files, even as digital authentication became the new norm. Reports and files that once required handwritten sign-offs were now replaced with digital signatures that could be authenticated by partners while on the go.

That being said, simply having the tools and resources to work remotely is not enough to guarantee a successful virtual office. The shift from a physical to a virtual workplace also requires employees to incorporate a new culture and new style of working that they were not previously used to. Working remotely involves shifting one's mindset about how one can deliver results in a productive way whilst still managing the complexities of home life. All this depends on the difficulty in juggling between the two which often varies from individual to individual.

One of the unforeseen challenges that arose with working remotely during the COVID-19 pandemic was the psychological element of having to adapt to working from home. The lockdown forced singles living alone to face working in isolation for weeks on end, whilst parents with young children had to navigate the dynamics of working while still having to tend to the needs of their family members. These situations placed a significant strain on the mental health and morale of employees. In such times, it was incumbent on organisational leaders to be connected and engaged with their employees.

Some of the methods used were by conducting virtual hangouts and casual e-meetings over coffee that encouraged their staff to bond and get to know each other. This was especially helpful when inducting junior staff or new joiners when face-

to-face meetings with their managers were not possible. Some firms even took the initiative to conduct virtual workouts to encourage at-home exercises and promote physical wellness among the workforce during the lockdown.

Hence while there is no doubt that the strength of a company's infrastructure is paramount, it will take more than just heavy investment in technology for remote working to be done well. Organisations that want to succeed at creating a healthy and productive virtual work environment must start to contend with these challenges by assimilating remote working into their culture and sustain it for the future.

Emerging Technologies in Audit

In parallel with the new culture of remote working, the transformation triggered by the pandemic has changed more than just the way auditors go about their day-to-day tasks. The shift into the data and digital landscape can be seen in the emerging technologies that many audit firms have deployed, or are planning to deploy, for higher productivity and efficacy.

In this volatile environment, organisations are either disrupting or being disrupted. In order to gain a competitive edge, more and more organisations are investing in transformative technology and working practices that will not only benefit employee efficiency but also derive greater value for clients.

For example, many firms employ cloud-based or similar technologies that enable clients to transfer large amounts of data into a secure online

repository for the auditors to access and analyse in real-time. Some of the more well-known services that fall in this category include Google Drive, WeTransfer, and Microsoft OneDrive, among others.

For emerging technologies specific to audit, some of the large firms make use of an online global audit system developed for their worldwide firm, which allows the audit process to be exclusively digital or data-driven from start to end, whilst still abiding by audit principles. This method is far more efficient compared to the past whereby the primary audit procedures were based on inquiries and involved much manual vouching.

In addition, with the use of Robotic Process Automation (RPA), confirmations can now be done digitally and quickly, instead of using the traditional snail mail that requires a much longer turnaround time and prolongs the entire workflow process, thus wasting both time and valuable resources. RPA is a technology that mimics a robot which can perform processes across various software, for example copying data from Microsoft Excel documents and entering it into SAP ERP software. With RPA, businesses can automate mundane rules-based business processes, and empower auditors to allocate more time to serving clients or performing other higher-value work. Technology and advances in data science too can help auditors perform a more effective audit as well as provide new forms of audit evidence whilst enhancing audit quality.

Data Analytics was another technology that some audit firms



had adopted to gain better insight into the financial data of their clients during the course of an audit. Data Analytics involves the analysis of data for trends, ratios, unusual transactions, anomalies, etc., for audit purposes. Having grown in sophistication over data mining of the past, it is no surprise that Data Analytics is now used with Big Data and Artificial Intelligence to improve audit quality and assist auditors to target high-risk areas that require more audit attention.

All in all, every firm has different methods of conducting an audit more efficiently and each has its own respective technological software in order to increase efficiency. In looking towards the future, one can only speculate how technology will continue to change the audit and accounting landscape. Who knows, we may even see virtual reality (VR) and drones as possibilities in future stock-takes and to execute other audit activities!

Upskilling to Become Future-Fit Accounting Professionals

Even as organisations brace themselves to face the challenges of the future, professional accountants also need to be prepared to adapt in response to these significant trends. It is now more evident than ever that professional accountants' profiles and skillsets are changing and will continue to evolve. The skills and competencies needed for an accountant have shifted beyond simply having a keen eye for numbers on balance-sheets, and increasingly include essential skills such as relationship-building, effective communication, problem-solving, innovation, and being able to leverage on data and technology.

As information technology and audit become more integrated in the future, the hiring criteria for many firms have also shifted to candidates with more IT-based competencies. Nowadays, it is not uncommon for audit firms to hire candidates who graduate with computer science degrees and with no accounting background. These firms believe that having a mix of staff with deeper IT competencies will increase the general competency of all auditors in the longer term. In the meantime, they recognise that knowledge of Microsoft Office is no longer a key skill to look for in fresh graduates – this is already considered a basic expectation. Candidates who have proficiency in using more advanced software such as Alteryx (an Analytic Process Automation (APA) technology which automates complex processes, and transforms data into results), Python (a general-purpose programming language, that can be used for many purposes such as software development, web development, artificial intelligence, etc.) and Audit Command Language (ACL) tools are favoured by many employers.

Knowledge of these technologies and ability to use them are going to be important skills aspiring accountants need to acquire for the working world in order to be more employable. Accounting professionals who are able to upskill themselves and develop their talent in these areas will find themselves at an advantage in terms of employability, compared to those who struggle to keep up with the times and fail to develop their competencies.

On the other hand, organisations also have a role to play in preparing accounting professionals to become

future-fit by providing adequate training, resources, and opportunities required to hone their skills. By providing the right conditions and incentives for their workforce to upskill themselves, organisations will be able to keep pace with the rapidly changing digital and business landscape in order to remain competitive within the market.

One of the firms interviewed uses a digital app that not only encourages their employees to pursue continuous learning, but also sets a KPI target of reading material that the staff has to achieve while tracking their development and rewarding their performance. The app also promotes physical wellness for the workforce by integrating exercise and fitness as part of the program. This is a great example of how organisations can upskill their employees with the use of digital technology, while integrating holistic improvement into the organisational culture.

Taking action for the future

All in all, preparedness is a critical enabler to continuity and resilience for organisations during times of disruption. And for accountants who want to be future-fit, it is the state of readiness and the ability to grow with the future that will determine their path. Now is as good a time as any to adapt to the changing environment, and ultimately transform themselves to ensure relevance in the future. In other words, there is no time like the present to start becoming a Future-Fit Accountant!