

Next-gen audit for the digital world

July 2020

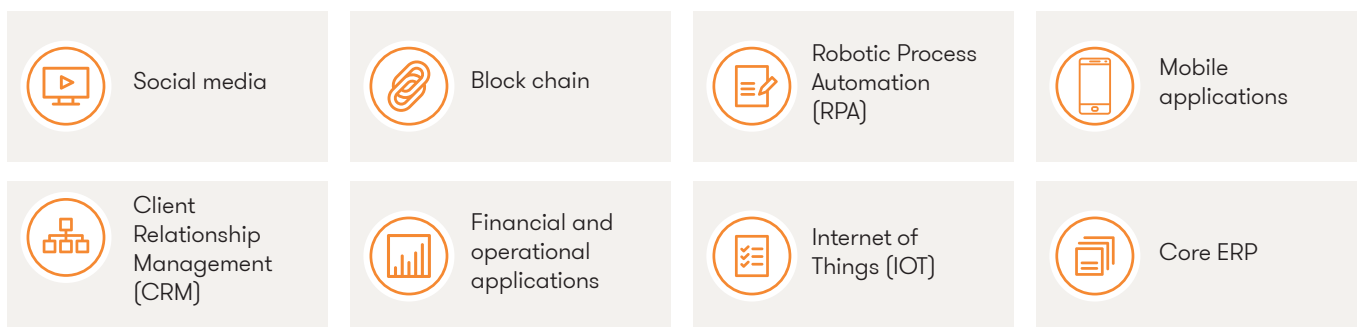


Digital revolution

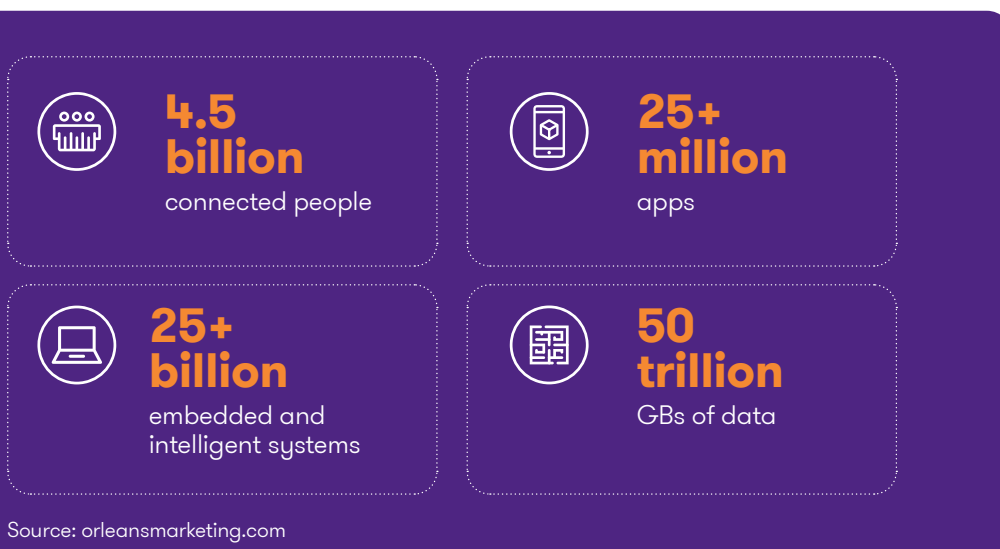
Over the years digitalisation or 'digital culture' has become a top priority for companies. With fast adaptation of the 'digital culture', management decisions are now based upon expansive data and its analytical outcome. Many firmly believe digitalisation, combined with analytics, is critical to an organisation's strategy and growth.

Digitalisation includes embracing technology to improve efficiencies and create new revenue opportunities. Digitalisation is relevant for organisations of all kinds and does not apply solely to those invested in technology.

Digitalisation dimension



Explosion of digital data



Digitalisation has led to an explosive growth in the amount of data that is being created, collected, stored and used by organisations. Raw data does not provide any valuable insights to an organisation. Decisions are only as good as the quality of information that is used to make decisions.

Data ≠ Information

Adopting digitalisation requires companies to embrace a change and move towards a 'digital culture'.

Data to information: Disrupt or be disrupted

Organisations often struggle in the digitalisation process, especially when they face a challenge or are looking for an answer to a new question.

The existing systems and large volumes of data often found are not fit for purpose, draining investments and time spent. Organisations strongly feel the need to manage the terabytes of data generated to extract maximum value.

Organisations realising the potential of data management have started investing in data warehousing, but seldom reaped the benefits due to lack of effective processes.

This results in unmanaged cost escalations, lost opportunities, exposed risks, exploited vulnerabilities, financial reporting and regulatory compliance issues.

It is very clear that organisations are facing a large number of challenges with respect to data management.

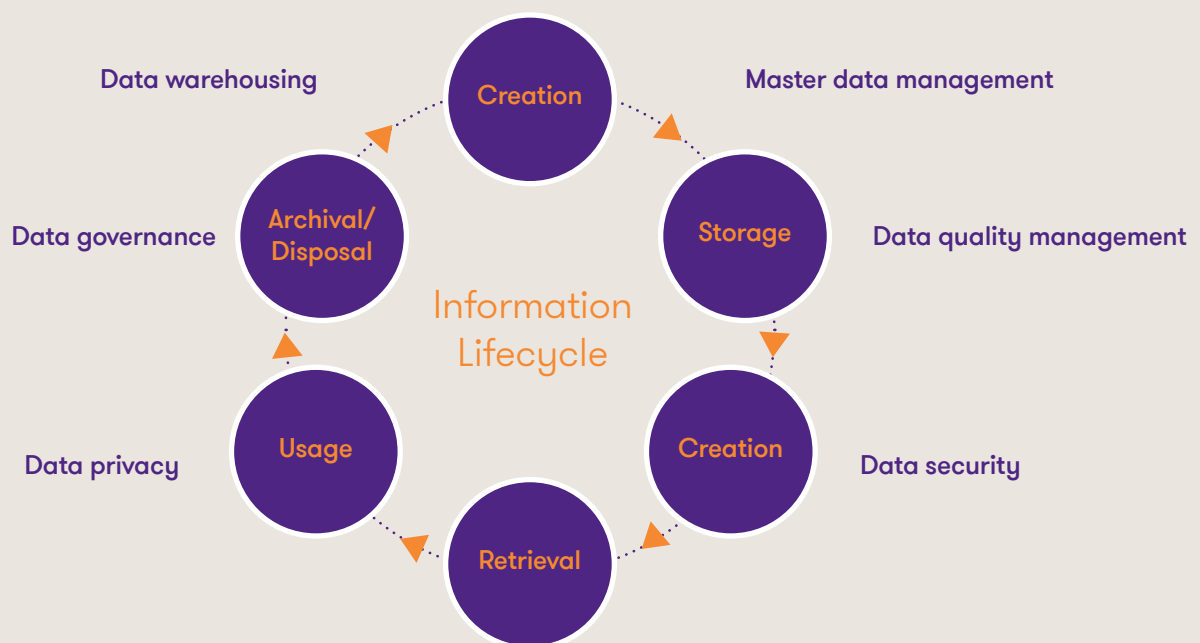
Auditors' role (statutory and internal auditors)

Auditors, with their understanding of the business, financial performance and its associated risks, are best positioned to help organisations evaluate the effectiveness of data handling and management.

Auditors' role becomes important and valuable to a company. They help in answering the following questions:

- Is the process designed and operated effectively?
- Is the risk of material misstatement adequately covered?
- Are internal controls over financial reporting adequate and operating effectively?
- What are the other leading practices?
- What other adjustments should be performed to existing processes?

Next-gen audit will embrace latest technologies in analytics and visualisation to help organisations address the data problem.



Data analytics for auditors

The biggest change auditors will face over the next few years is the way risks are identified and data analytics would play an important role in this journey.

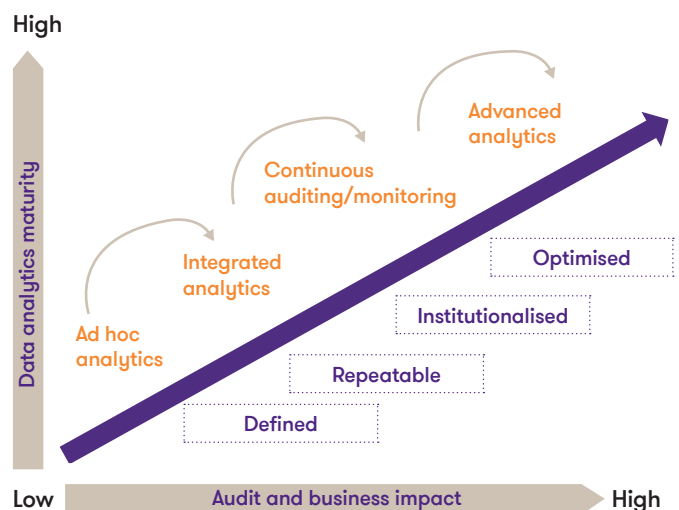
With the help of analytics, auditors can identify, prioritise and report threats as well as identify opportunities.

As companies embrace digitalisation, auditor should stay ahead of the data analytics maturity curve. The auditor should move from using ad hoc analytics and integrated analytics to continuous auditing and applying advanced analytics.

By adopting analytics, the auditor can derive multiple benefits. This approach will also help management provide higher levels of comfort to not only audit committees or shareholders but also external auditors and regulators, etc. External auditors need to mandatorily report on internal controls in certain companies and adopting analytics will help the company to demonstrate its commitment to strengthen internal controls.

Routine transactions reviewed using analytics allows auditors to focus more on using their professional judgement rather than on routine activities.

Data analytics maturity assessment



Benefits of using data analytics in audit



Enhance efficiency and effectiveness

- Develop high-precision analytics tests to reduce the audit risk
- Enhance data access and quality
- Positive assurance on control/compliance



Repeatable

- Data analytics tests are prepared once and can be used multiple times
- Focus on analysis of exceptions and outliers



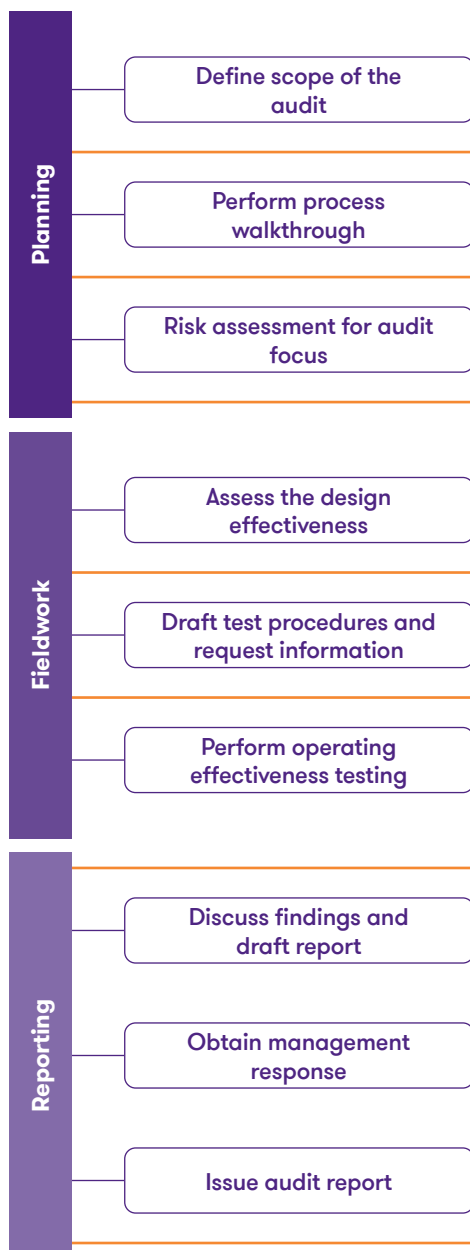
Identify and mitigate risk

- Enhancing ability to assess risk of material misstatement
- Focus on elevated risk areas
- More timely response to control failures and risks
- Decrease exposure using data modelling

Analytics-driven audit approach

In a digitally connected world, traditional audit approaches are facing severe challenges to meet stakeholder expectations. The digital world requires auditors to embrace and integrate digital solutions into their audit approach.

Traditional audit approach



Analytics integrated audit



Data visualisation and storytelling

Game changers for auditors

Traditional audit approach

Any insight worth sharing is probably best shared as a data story. The phrase ‘data storytelling’ has been associated with

- Data visualisations
- Infographics
- Dashboards
- Data presentations, etc.

Data storytelling is often interpreted as just visualising data effectively. However, it is more than just creating visually appealing data charts. Data storytelling is a structured approach for communicating data insights and it involves a combination of three key elements: data, visuals and narrative.

Benefits of visualisation

Instant absorption of high volumes of data

Speeds up the decision-making process

Reveals patterns and trends

Interactive dashboards

Enhances communication

Numbers have an important story to tell. They rely on you to give them a clear and convincing voice. - Stephen Few, data visualisation expert

Visualisation is used across the audit lifecycle

Risk assessment



Planning and testing



Reporting



Key takeaways



Evolving digital world

Digitalisation applies to all companies irrespective of the industry. Adopting digitalisation requires companies to embrace a change and move towards a 'digital culture'.

Data to information

Organisations strongly feel the need to manage the terabytes of data generated to extract the maximum value. Organisations are facing a number of challenges with respect to data management.

Auditors' role

Statutory auditors and internal auditors are best positioned to help organisations evaluate the effectiveness with which data is handled and managed.

Analytics integrated audit

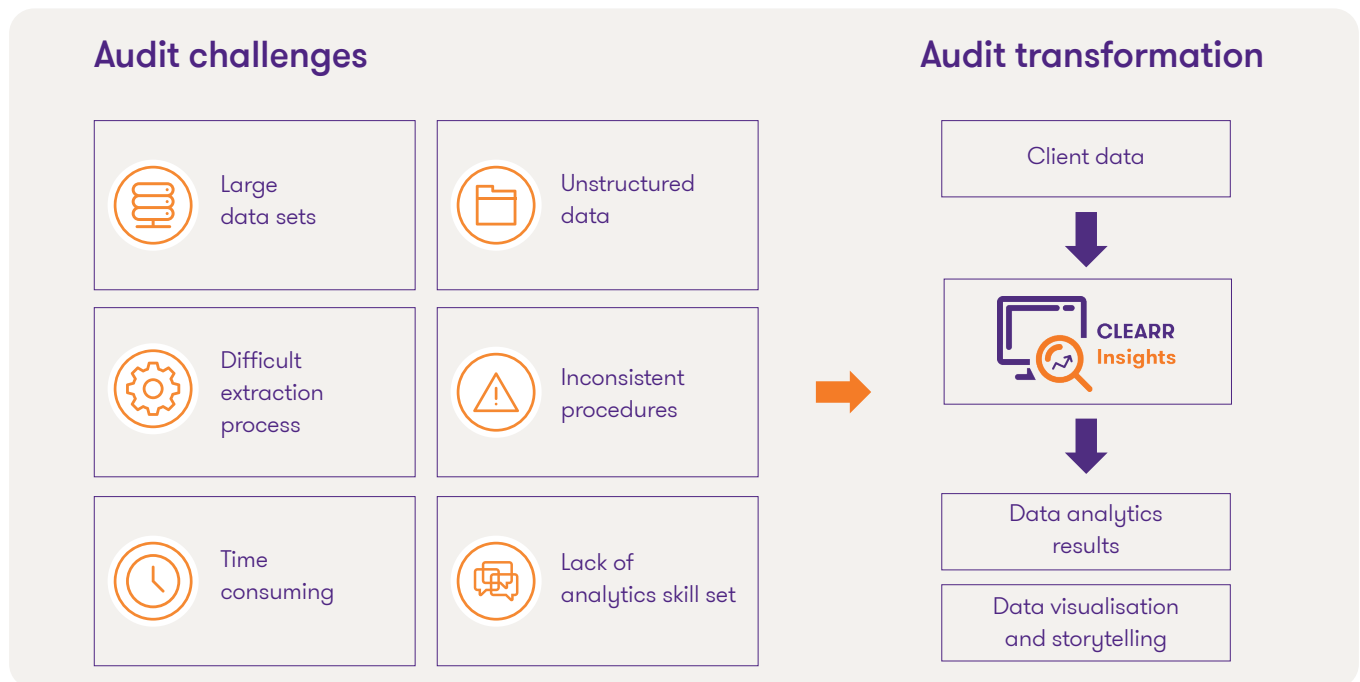
Through an integrated approach, auditors can analyse large sets of data, detect risks, provide better assurance and achieve greater efficiencies.

Data visualisation and storytelling

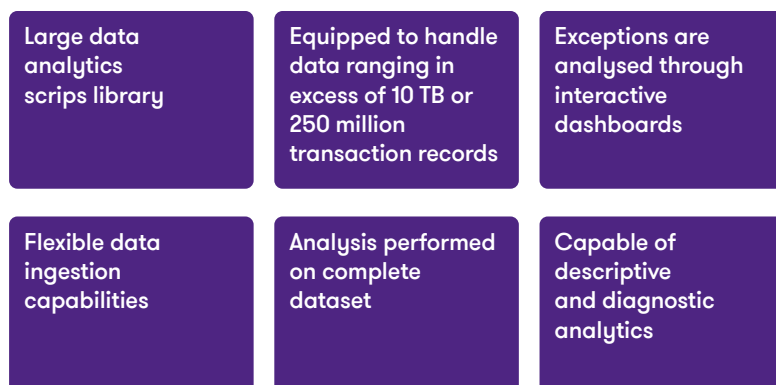
Data visualisation and storytelling would be game changers for auditors to enable effective communication of key insights for faster decision making.

CLEARR Insights

Grant Thornton's internal audit (IA) and attest delivery engagement teams leverage audit analytics and integrates it in their service delivery approach. Our Analytics COE comprises techno-functional experts and works closely with the IA and attest delivery engagement teams. Apart from expertise in various analytical and visualisation tools, Grant Thornton has its proprietary CLEARRR Insights platform, which processes millions of records in seconds to provide actionable insights.



Key features



To understand more about our audit analytics capabilities, please contact

Shalabh Saxena
Partner
Grant Thornton India LLP
E: shalabh.saxena@in.gt.com

Contact us

To know more, please visit www.grantthornton.in or contact any of our offices as mentioned below:

NEW DELHI

National Office
Outer Circle
L 41 Connaught Circus
New Delhi 110001
T +91 11 4278 7070

NEW DELHI

6th floor
Worldmark 2
Aerocity
New Delhi 110037
T +91 11 4952 7400

AHMEDABAD

7th Floor,
Heritage Chambers,
Nr. Azad Society,
Nehru Nagar,
Ahmedabad - 380015

BENGALURU

5th Floor, 65/2, Block A,
Bagmane Tridib, Bagmane
Tech Park, C V Raman Nagar,
Bengaluru - 560093
T +91 80 4243 0700

CHANDIGARH

B-406A, 4th Floor
L&T Elante Office Building
Industrial Area Phase I
Chandigarh 160002
T +91 172 4338 000

CHENNAI

7th Floor,
Prestige Polygon
471, Anna Salai, Teynampet
Chennai - 600 018
T +91 44 4294 0000

DEHRADUN

Suite no. 2211, 2nd floor Building
2000, Michigan Avenue,
Doon Express Business Park
Subhash Nagar, Dehradun - 248002
T +91 135 2646 500

GURGAON

21st Floor, DLF Square
Jacaranda Marg
DLF Phase II
Gurgaon 122002
T +91 124 462 8000

HYDERABAD

7th Floor, Block III
White House
Kundan Bagh, Begumpet
Hyderabad 500016
T +91 40 6630 8200

KOCHI

6th Floor, Modayil Centre point
Warriam road junction
M. G. Road
Kochi 682016
T +91 484 406 4541

KOLKATA

10C Hungerford Street
5th Floor
Kolkata 700017
T +91 33 4050 8000

MUMBAI

16th Floor, Tower II
Indiabulls Finance Centre
SB Marg, Prabhadevi (W)
Mumbai 400013
T +91 22 6626 2600

MUMBAI

Kaledonia, 1st Floor,
C Wing (Opposite J&J office)
Sahar Road, Andheri East,
Mumbai - 400 069

NOIDA

Plot No. 19A,
7th Floor
Sector - 16A
Noida 201301
T +91 120 485 5900

PUNE

3rd Floor, Unit No 309 to 312
West Wing, Nyati Unitree
Nagar Road, Yerwada
Pune- 411006
T +91 20 6744 8800

For more information or for any queries, write to us at contact@in.gt.com



Follow us @GrantThorntonIN

© 2020 Grant Thornton Advisory Private Limited. All rights reserved.

"Grant Thornton in India" means Grant Thornton Advisory Private Limited, a member firm within Grant Thornton International Ltd, and those legal entities which are its related parties as defined by the Companies Act, 2013.

Grant Thornton Advisory Private Limited is registered with limited liability with CIN as U74110DL2001PTC111284 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd (Grant Thornton International) or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.