CPA Crossings

The Future of the Audit: Building Relevance and Sustaining Quality

EXECUTIVE SUMMARY

OUR EXPERTS


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Executive Summary

What must the audit profession do to stay relevant and trusted?

Whether we acknowledge it or not, the audit profession is in the middle of a radical transformation. Facing a confluence of challenges—technological disruption, shifting regulatory landscapes, and critical talent shortages—the profession must evolve rapidly or risk obsolescence. Traditional methods, once sufficient, can no longer meet the demands of an increasingly complex financial reporting ecosystem.

This in-depth research project takes a bold and forward-looking approach, weaving together expert insights and data-driven analysis to provide a roadmap for sustained relevance and effectiveness. Central to this vision is the strategic adoption of technologies that not only automate repetitive tasks but also reveal deep insights, aiding in risk assessment, enhancing substantive assurance, and adding valuable business insights. Artificial intelligence (AI) and machine learning offer the power to analyze immense datasets with speed and accuracy, uncovering risks in real time. Blockchain and advanced data analytics add transparency and rigor, enhancing the trust that underpins every financial transaction. Yet, for smaller and midsize firms, resource constraints pose formidable barriers, highlighting the need for scalable, cost-effective solutions.

Beyond technology, this study confronts the workforce challenges reshaping the profession. As traditional roles give way to more dynamic, analytical responsibilities, firms must invest in developing a new generation of auditors equipped with skills in data analytics, AI, and strategic advisory functions. Diversity, inclusion, and innovative talent strategies—such as flexible work arrangements and personalized career pathways—will be critical to attracting and retaining top talent.

Our findings point to five essential areas of focus:

- Modernizing audits to maintain relevance in a rapidly changing environment
- Addressing the technological risks and barriers inherent in traditional approaches
- Advocating for updated and forward-thinking regulatory standards
- Proactively managing talent shifts to ensure a robust, future-ready workforce
- Preparing for the future of audits by incorporating real-time insights and providing assurance on nontraditional subject matters (e.g., algorithms and AI systems, nonfinancial data, and environmental, social, and governance (ESG) metrics)

This paper does more than analyze problems, it also presents actionable solutions. We recommend that firms leverage emerging technologies, champion regulatory reform, and develop innovative workforce strategies. In doing so, the profession can secure its foundational role as a cornerstone of financial trust, maintain market stability, and deliver enhanced value to stakeholders. In an era defined by unprecedented change, the path forward is clear: embrace the forces reshaping auditing, meet challenges head-on, and seize the opportunities that innovation and foresight provide. The future of auditing is not a continuation of the past—it is a reinvention of the principles that have traditionally defined trust, transparency, and accountability in financial systems.

Methodology

This *The Future of the Audit: Building Relevance and Sustaining Quality* report explores the evolving landscape of audit quality and the modernization of auditing practices. To gain a comprehensive understanding of the challenges and opportunities facing auditors today, we employed a mixed-methods approach that combines qualitative expert insights with quantitative data collected through a survey of auditors.

Our Experts

We interviewed leading professionals from the auditing and accounting technology fields. These include a member of the Public Company Auditing Oversight Board (PCAOB), members of corporate audit committees, and audit technology specialists. Their perspectives on technology, regulation, and workforce challenges provide the backbone for our analysis.

- **Christina Ho, CPA, CISA** – Appointed as a PCAOB board member by the SEC in November 2021.
- **Kimberly Ellison-Taylor, CPA.CITP, CGMA, CIA, CISA** – A global technology and finance leader with over 30 years of experience.
- **Deanna Byrne, CPA** – PwC US Assurance Leader with over 35 years of experience.
- **Jerry Maginnis, CPA** – Chairs audit committees for several public companies.
- **Allison M. Henry, CPA** – PICPA vice president, professional and technical standards.

Full author bios are provided at the end of the paper.

Survey of Auditors

To complement our expert interviews and insights, we conducted a survey of auditors from firms of various sizes. Full demographics of survey participants can be found on pages 23-25.

Our survey reached auditors from firms of various sizes and geographic locations. It focused on:

- **Technology Adoption:** Integration of AI, machine learning, and other technologies.
- **Workforce Transformation**: Impact on skills, training needs, and workforce dynamics.
- **Regulatory Environment:** How changing standards affect audit practices.
- **Future of Audits:** Predictions for real-time assurance and the inclusion of nonfinancial metrics.

Survey findings reveal widespread support for technological innovation, alongside significant challenges related to cost, training, and regulatory adaptation.

By combining survey data with expert insights, this study provides a well-rounded perspective on the modernization of audit practices. The results contribute to a clearer understanding of the evolving role of auditors, the challenges they face in adapting to new technologies, and the opportunities for growth and innovation in the audit profession.