



Western India Regional
Council of
The Institute of Chartered
Accountants of India

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24 December 2020

Technology – Enabler & Opportunity for Chartered Accountants



CA (Dr.) Suresh Surana

24 December 2020

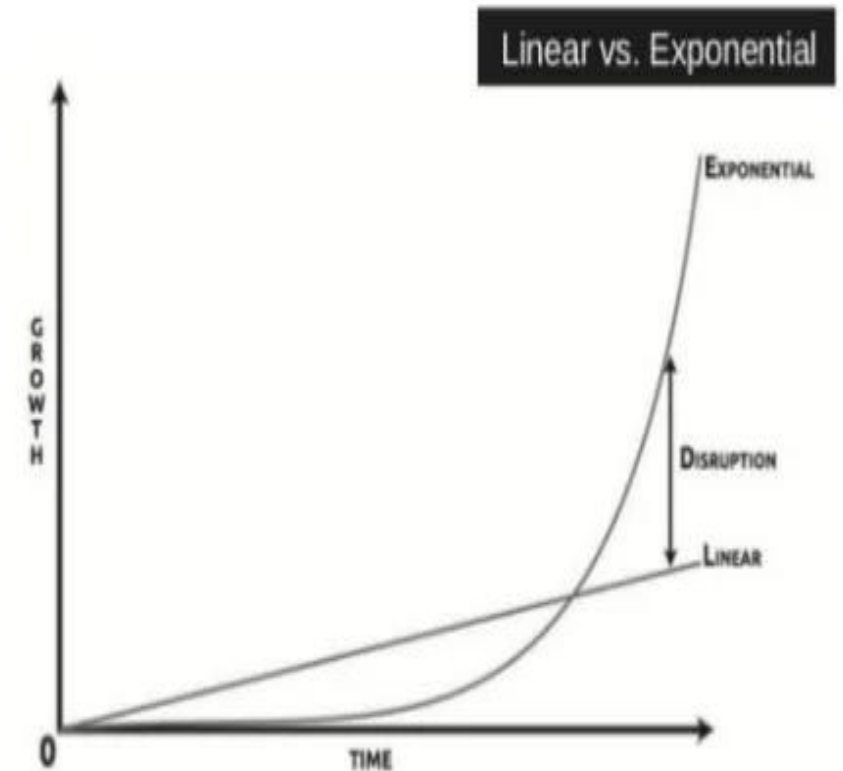
Technology and Digital Revolution Redefining Businesses

We are in the midst of Technology and Digital Revolution!



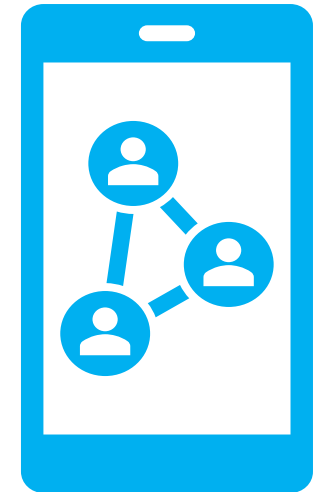
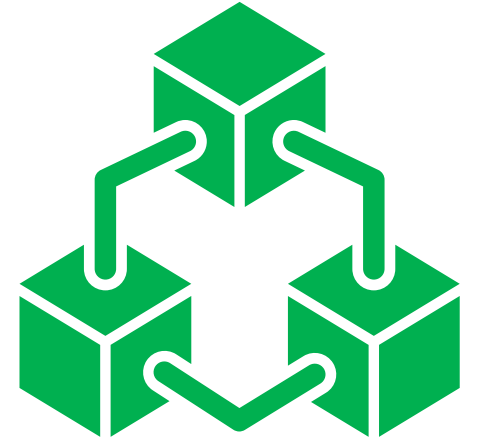
- Technology and Digital Revolution is a **Reality**
- Everyone not only wants to but has to "go digital". There is **No Exemption** to this!
- Technological innovations are resulting in **Exponential Changes** – these tend to be difficult to predict and are therefore disruptive

Linear vs. Exponential Growth



Technology – The Creator and the Disruptor

- **Mobility, Analytics and Cloud Computing**
- **Automation, Machine Learning and Artificial Intelligence**
- **Enterprise Technology:** ERPs, Connectivity and Apps/ Tools including Video Conferencing, Time Tracking
- **Blockchain, IoT and E- Commerce**
- **Changes in ways of doing business:** Disruption of Existing Business Models (e.g. Xerox vs Cam Scanner), Emergence of New Business Models (Uber/ Paytm) or new ways of doing business (e.g. Byju's vs Classroom Coaching)
- **Technology Adoption:** Adoption by corporates due to substantial productivity enhancements and adopting technology to enable conventional businesses
- **COVID 19 pandemic:** The pandemic has certainly accelerated the pace of technology adoption and reduced costs of accessing technology
- **Start - up and Innovation Culture: Rise of Unicorns**



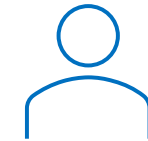
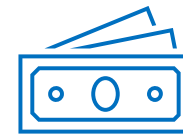
Impact on Professional Services

- **Clients are embracing technology** and using highly sophisticated, customized solutions and are looking at automation and improving business models! Client maturity in terms of size, scale, technology adoption and complexity has been multi fold in the past decade
- **India's IT Story** has been revolutionary. India has emerged as the technology back office of the world with 55% of global offshoring from India. India's IT exports are presently US\$ 180 bn – this will grow to US\$ 350 billion in the next 5 years*.
- To remain relevant, professionals need to :
 - correlate to the changing enterprise needs
 - provide services in the client's new environment,
 - be tech savvy for conducting statutory audits, internal audits, accounting and other such services



Impact of Technology on CA Fraternity

- Tax Compliances and Administration are also embracing digitalization
 - E filing of income tax returns made mandatory over the past 5 Years
 - GST compliances (returns, E- Invoicing, etc.) are almost 100% digital
 - Faceless Assessments and Virtual Hearings slowly becoming the “new normal”
- CFOs, Tax Heads and Controllers
 - Real time reporting of MIS and financial performance
 - Dynamic budgeting and forecasting
 - Tax and regulatory compliances



Impact of Technology on CA Fraternity

To enhance Existing Service Offerings (Assurance, Taxation, Financial Reporting Services etc.)

Providing New Services emanating from digital transformation

Data Analytics

IT Consulting and IT Audits

Robotics Process Automation, IoT & Blockchain

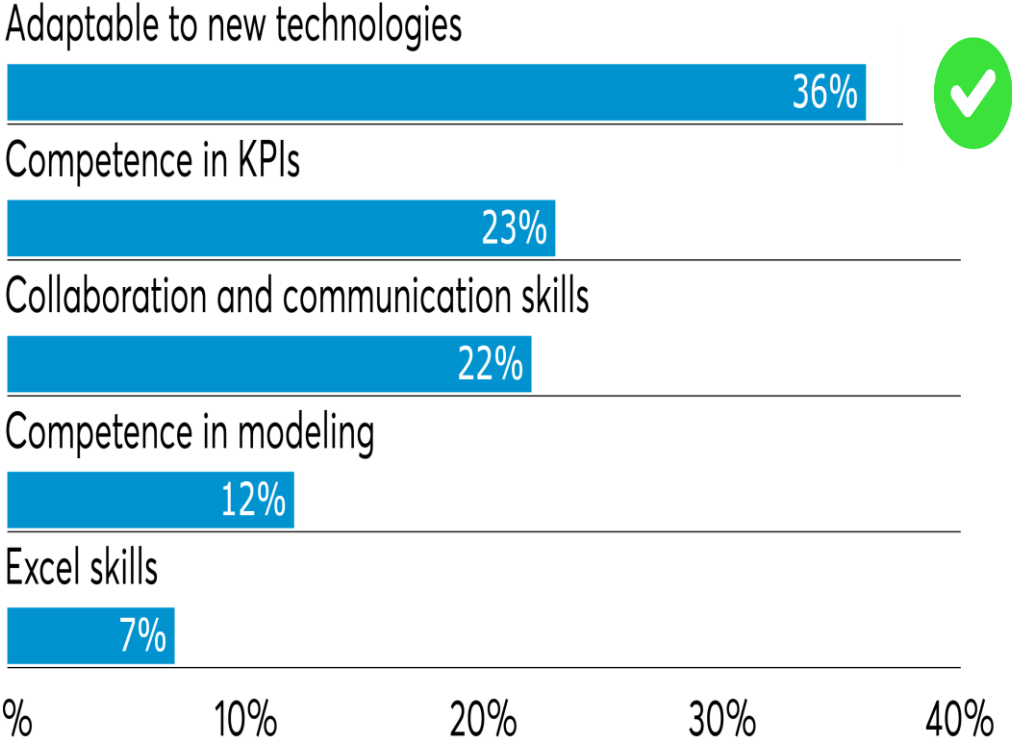
Cyber Security

API Integration


ERP Implementation

What CFOs want

Excel has been downgraded to the least important skill-set for new hires.



Source: Adaptive Insights

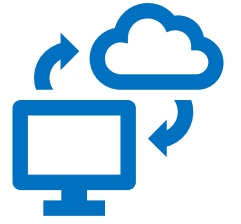


We are in the midst of technology wave.....
It would be fun to ride the wave!!!

..... OR

Be swept by the wave

Technology to Enhance Existing Professional Services & CAs in Industry



Financial Accounting

- **Budgeting & MIS**
- **IT & ERP Controls**
- Accounts Payable & Accounts Receivables
- Reconciliations
- Manual Journal Entries
- Fixed Asset Management
- **Regulatory & External Reporting**



Assurance

- **Paperless Audits Software (E.g., CaseWare/ RSM Orb)**
- Consolidation Software
- **Physical Verification of Assets using Digital Tools (IoT/ Drones)**
- Mapping of Segregation of Duties in IT systems
- Data Analytics (ACL/ Idea)



Internal Audits

- **Automation and tools for real time monitoring**
- Data Analytics (ACL/ Idea)
- Predictive Analytics (IBM Watson)
- IT systems assurance
- Cyber security
- Dashboards and Real time Reporting (Share point).



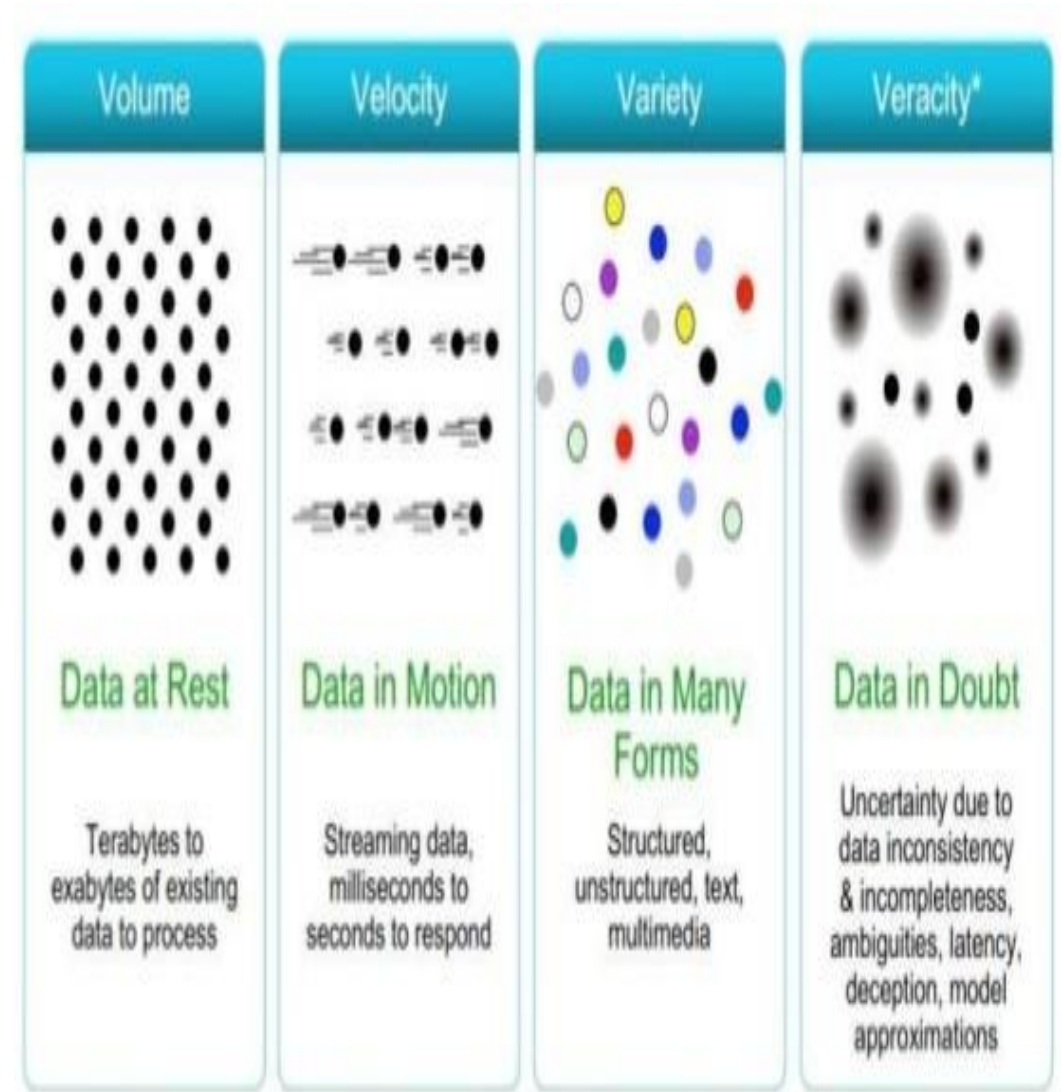
Tax

- Tax Provisioning
- **Tax Compliance (ASPs)**
- Tax Assessments and Litigation
- Data Management & Reconciliation
- **Databases**



Data Analytics - Why?

- **Data Explosion:** Over 90% of the world's data has been created in the last 3 years.
- Big data is routinely defined as **high-volume, high-velocity, high-variety and high-veracity** (and high-value for financial services) information assets demanding new technological approaches to organization and analysis.
- **Sampling getting replaced by Data Analytics** and can cover entire population – greater assurance and value addition at a fraction of time



Leveraging Tools - Data Analytics and Digital Tools



Indicative list of Data Analytics scrips

Area	Indicative List of Analytics
Accounts Payable	<ul style="list-style-type: none"> • One-time vendor analysis • Vendor changes analysis • Employee / Supplier Analysis • Vendors where alternate payee names /bank account have been flip-flopped • Split Payments to circumvent authorization limits • Duplicate Payment Analysis • Three-Way Match Override Analysis
Travel & Entertainment	<ul style="list-style-type: none"> • Duplicate Expenses • Prohibited Expenses • Delay in Submission • Split transactions
Accounts Receivable	<ul style="list-style-type: none"> • Employee / Customer Analysis • Excessive Discount • Duplicate Customer • Credit Limit Analysis • Unauthorized Price Changes • Delays in Payment Receipt

Area	Indicative List of Analytics
Journal Entries / Chart of Accounts	<ul style="list-style-type: none"> • Missing critical data fields • JEs with Unusual Amounts • Trending by Account Classification • COA Change Analysis • Posting to Wrong Period • Dormant Account Analysis • Top Journal Entries • Account Activity Unusual Amounts • Reversing Entries
Inventory	<ul style="list-style-type: none"> • Analyze difference between standard costs and actual costs • Slow / non-moving inventory • Compare speed and accuracy of delivery by product and vendor • Stock out analysis
Payroll	<ul style="list-style-type: none"> • Duplicate Employees • Duplicate Bank account numbers • Employee / Supplier analysis • Terminated Employee Payment Analysis • HR vs. payroll records analysis

Robotic Process Automation (RPA)

Robotic Process Automation (RPA) is an innovative technology which automates structured business processes. RPA works just like one of your employees, interacting with the user interfaces of your existing applications and carrying out structured processes automatically.

<https://www.youtube.com/watch?v=8nRw8YyrezM>



- **Open, Monitor and Send** an email from inbox or folder
- Extract mail data and attachment



- **Open file , add or extract** data from Excel
- **Combine** excel spreadsheets and **Cut/Paste** columns



- **Navigate** to specified pages in SAP
- **Set search** criteria, **filters** and **run reports** in SAP

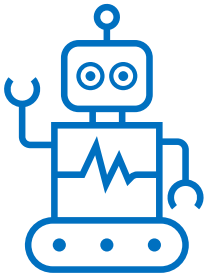


- **Open Web** pages and **Extract data** from web pages
- Fill in Web-based forms





Automation in GST



AUTOMATED VENDOR INPUT TAX CREDIT MANAGEMENT

- BOT downloads GSTR-2A
- Extracts Purchase register from Company's ERP and performs robust reconciliation.
- Sends e-mails to defaulting vendors

Automation Technology:

RPA



API

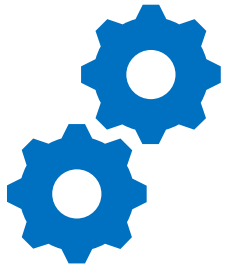


E-INVOICING

- Company's ERP is integrated with GST IRP portal.
- Invoices are generated automatically instead of manual excel forms, json generation and validation.

Automation Technology:

API Integration



AUTOMATED VENDOR INVOICE ACCOUNTING

- Based on IRN, QR Code and Signed code of e-invoice, ERP automatically retrieves the vendor invoice details from GST portal.
- The invoice is matched with the PO, GRN and invoice is accounted automatically.

Automation Technology:

RPA



ERP Integration



Automation in Direct Tax - Reconciliation of TDS report with respective GL entries (Expense Side)

Background:

ABC is a company with PAN India Operation. ABC operates with various financial systems, trial balances, and charts of accounts.

ABC's is required to file the Tax Returns for the TDS that has been paid in the last quarter and share the consolidated report with stakeholders on quarterly basis.

Solution:

ABC deployed iQ-bot + RPA associated with the following provision processes:

1. Start point – Use previous quarter file as Base file
2. Extract the data from various systems
3. Check if TDS calculation is correct and reconcile with GL/accounts (at policy level)
Rates are checked to makes sure that are correctly applied
4. Generate create signature and upload into IT site
5. Share the TDS report with relevant stakeholders

Impact to ABC:

As a result of robotic process enhancements, ABC was able to:

- Reduction in TAT by over 60%*
- Significantly improved Accuracy (~100%*) due reduction in manual work on data files
- Reduce the amount of staff time used to perform low-value work (data extraction and manipulation)

* Indicative numbers for reference only

- **Form 26AS - Annual Information Statement reconciliation of taxes deducted (income side)**

Automation & Technology in Auditing



- **Auditing using IoT and Drones** thereby not having to be physically present at locations.
- **Some auditing tasks** that can be automated using a combination of ACL analytical tools and automation tools in the Internal Audit Cycle are:

Risk Assessment & Audit Scoping	Audit Planning	Test of Design	Test of Effectiveness	Audit Report	Monitoring
<ul style="list-style-type: none"> • Use Audit Command Language (Idea/ACL) to analyse transactions that involve higher risk 	<ul style="list-style-type: none"> • Use of search engines to identify similar risk matrices out of data base repository of 100s of companies 	<ul style="list-style-type: none"> • Use (Idea/ACL) to analyse and confirm whether Segregation of Duties has been followed in transactions recorded in the ERP system. 	<ul style="list-style-type: none"> • Extraction of documents from client's accounting systems and sending the same to the auditor 	<ul style="list-style-type: none"> • Automated generation of text based reports and dashboards that are repeatable in nature 	<ul style="list-style-type: none"> • Real-time reporting and follow-up in case of open points (where 100s of auditees and audit locations are involved).



- Ensure the mechanism and reports shared are standard every cycle to achieve automation.

Benefits of Leveraging a Digital Workforce

➤ Greater Accuracy

- Digital tools such as Robots, RPA tools never get tired and perform with higher levels of accuracy.

➤ Improved Compliance

- Everything that a digital tool does is monitored. You have the full control to operate in accordance with existing regulations and standards.

➤ Cost Savings

- Technology can reduce cost of performing audit and tax filings by up to 50% which in turn provides positive RoI in no time.

➤ Super Scalable

- Across business units and geographies, Technology tools can perform a massive amount of operations. Tools can be deployed quickly with minimal costs, according to work flux and seasonality.

➤ Increased Speed and Productivity of your Employees

- Employees are the first to appreciate the benefits of tech as it removes non-value-add activities and relieves them from the rising pressure of work.



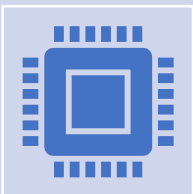
API Integration



An API integration is the connection between two or more applications, of same or different organizations, via their APIs, that lets those systems exchange data.



API integrations power processes throughout many high-performing businesses that keep data in sync, enhance productivity.



By integrating API in both sides, for e.g. API integration of ERP software with the bank's software can enable real-time reconciliations, auto entry of transactions, operating the bank account for making payments through the organizations on ERP and numerous other controls and use cases.



Internet of Things (IOT)

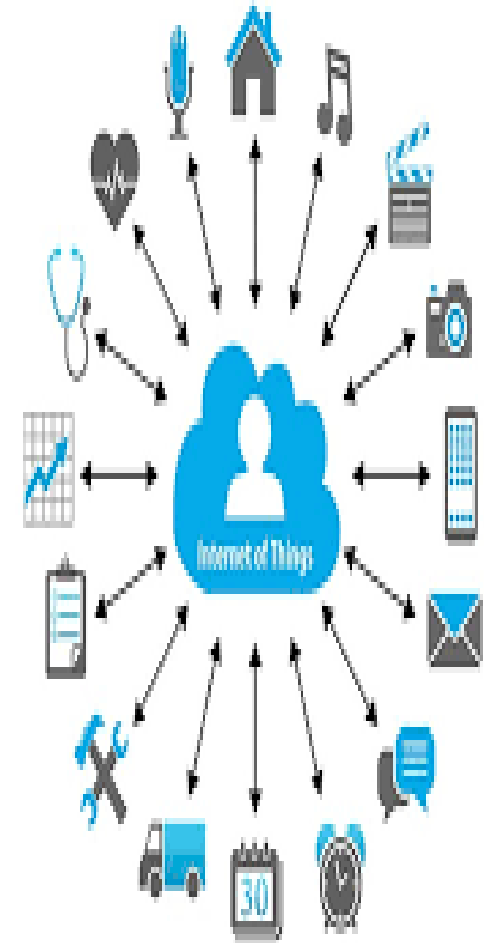


➤ Internet of Things:

- The Internet of Things (IoT) describes the network of physical objects—**“things”**—that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet.
- It has made possible seamless connection between **people, processes** and **things**.
- In the relatively near future, almost all devices will be equipped with sensors and internet capability.

➤ Role of IoT in Audit & Compliance:

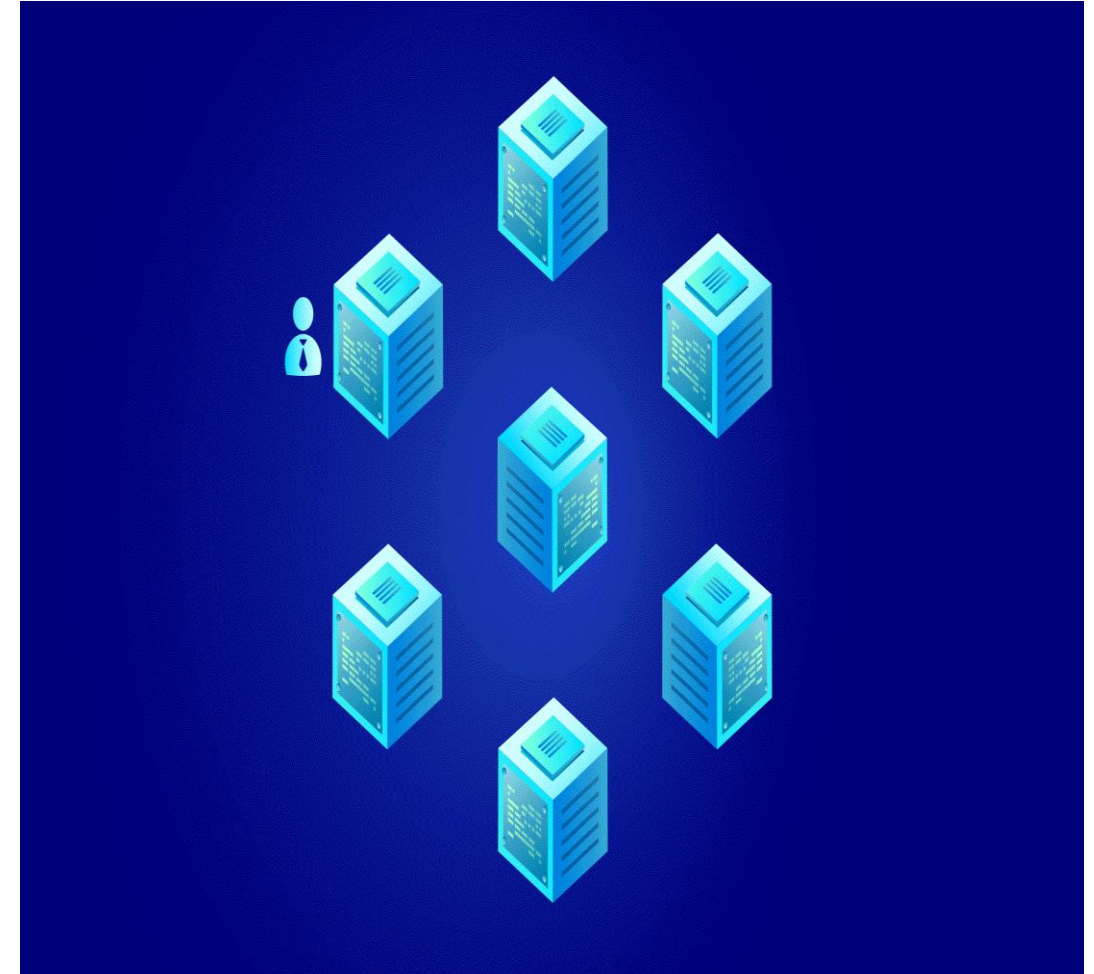
- As the IoT changes the sources of transactional data flowing into billing, enterprise resource planning, and accounting systems, it alters the way audits of these transactions are carried out.
- If a sensor sends a warning or error message in real time, organisations, auditor can respond immediately.
- IoT would create new opportunities for CAs in the areas of business process design and data analysis.



Blockchain



- A blockchain is essentially a **distributed public ledger**, where groups of transactions or events are recorded and stored in a **chain-like data structure** by **different contributors**.
- Blockchain can be used as a source of verification for reported transactions. An example might be where, instead of asking clients for bank statements or sending confirmation requests to third parties, auditors can easily verify the transactions on publicly available blockchain ledgers. The automation of this verification process will drive cost efficiencies in the audit environment.
- Another example of Blockchain would be to check the **product authenticity or pipeline integrity**.



“I can't change the
direction of the wind,
but I can adjust
my sails to always
reach my destination”



New Opportunities Emerging due to Digital Transformation

The New Mars – Unexplored Areas

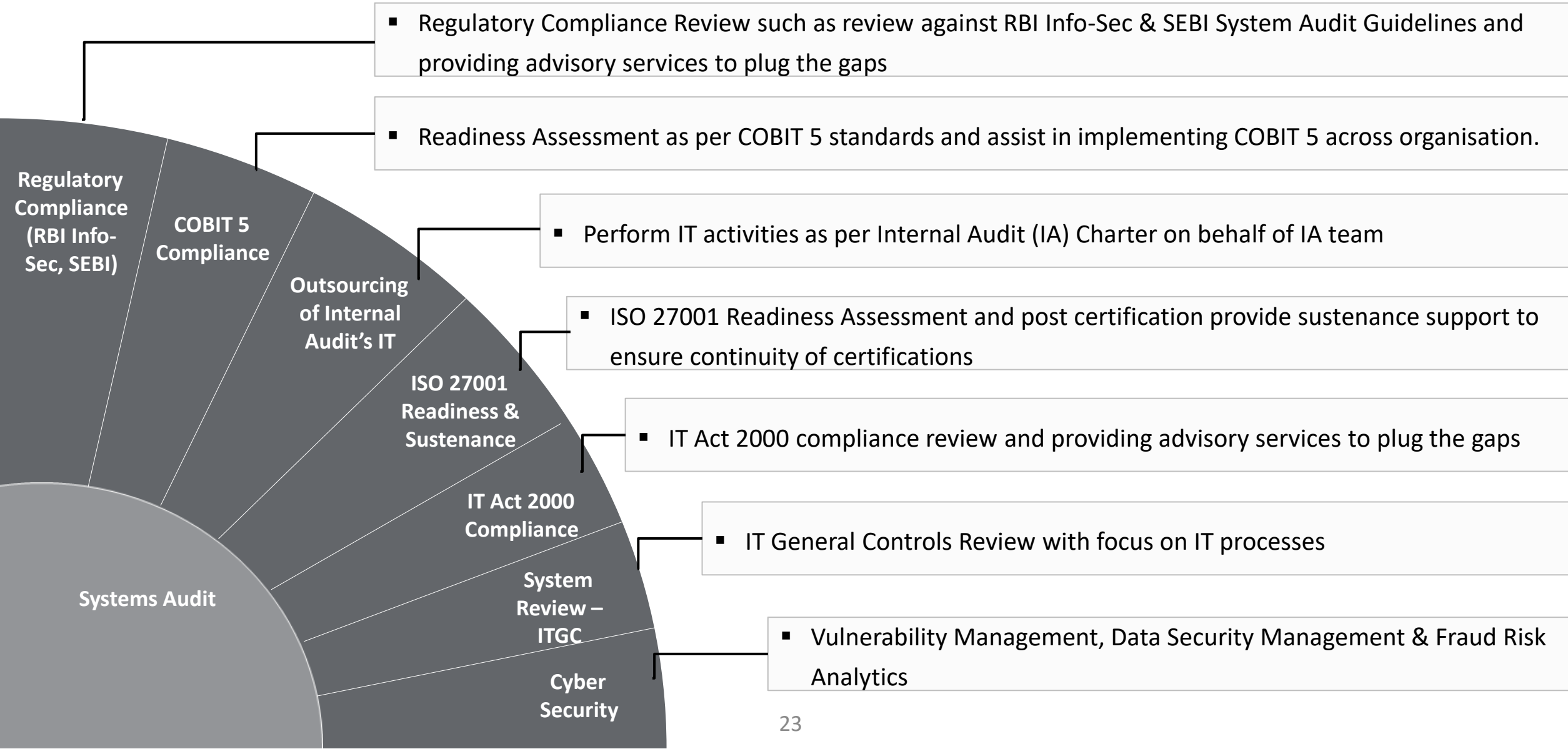
Developing audit and tax technology products and applications

IT Systems Assurance and Cyber security Services

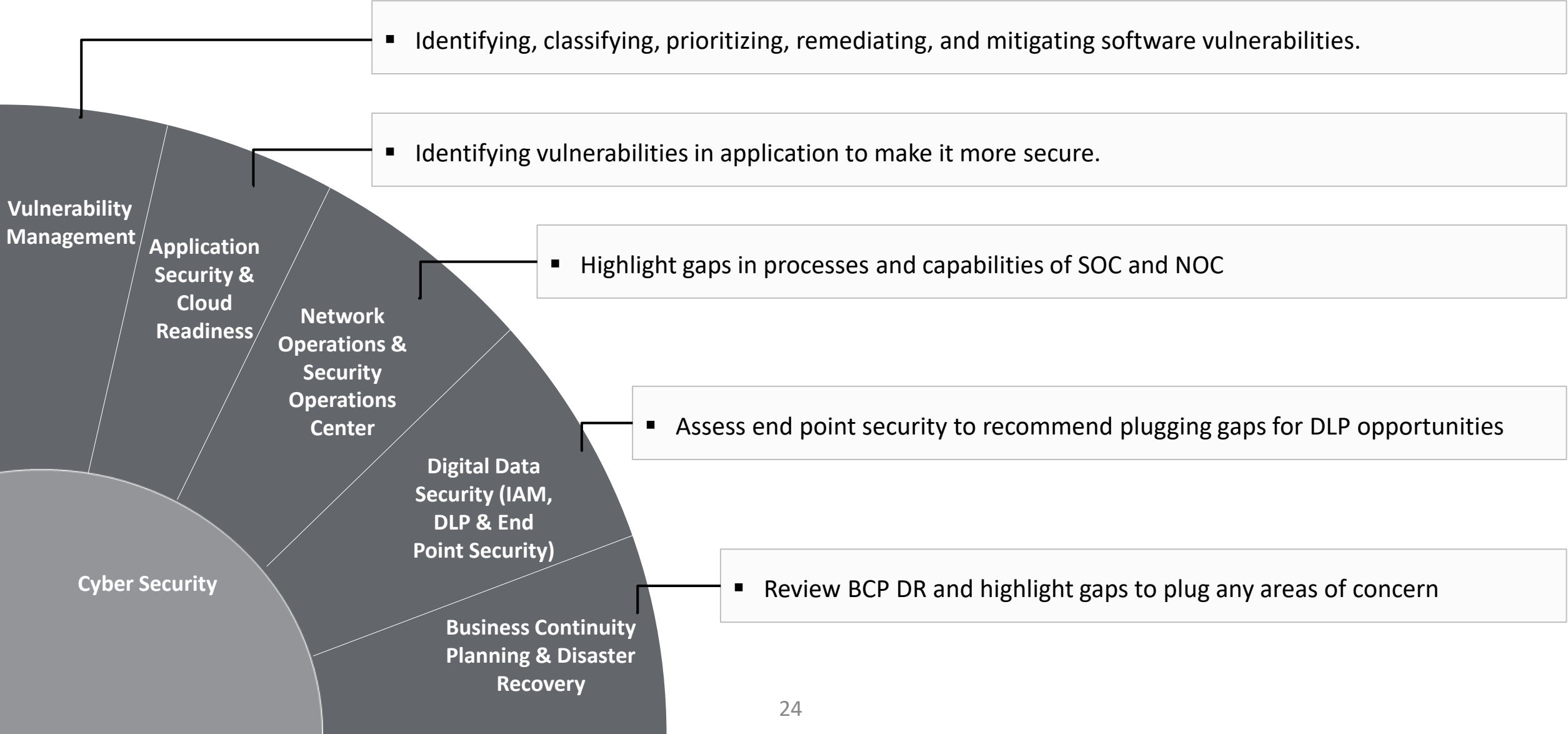
ERP Implementation



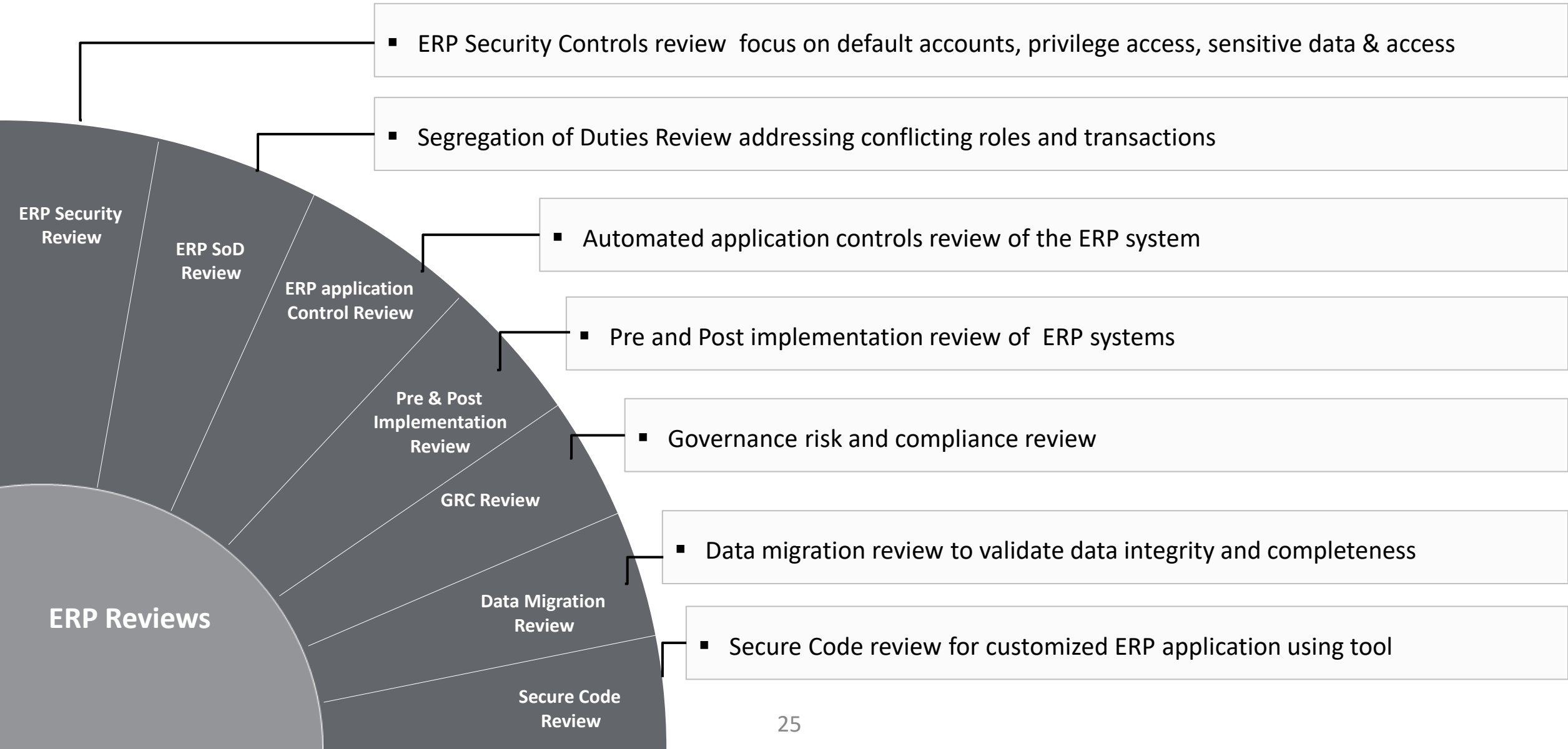
IT Systems Audits



Cyber Security

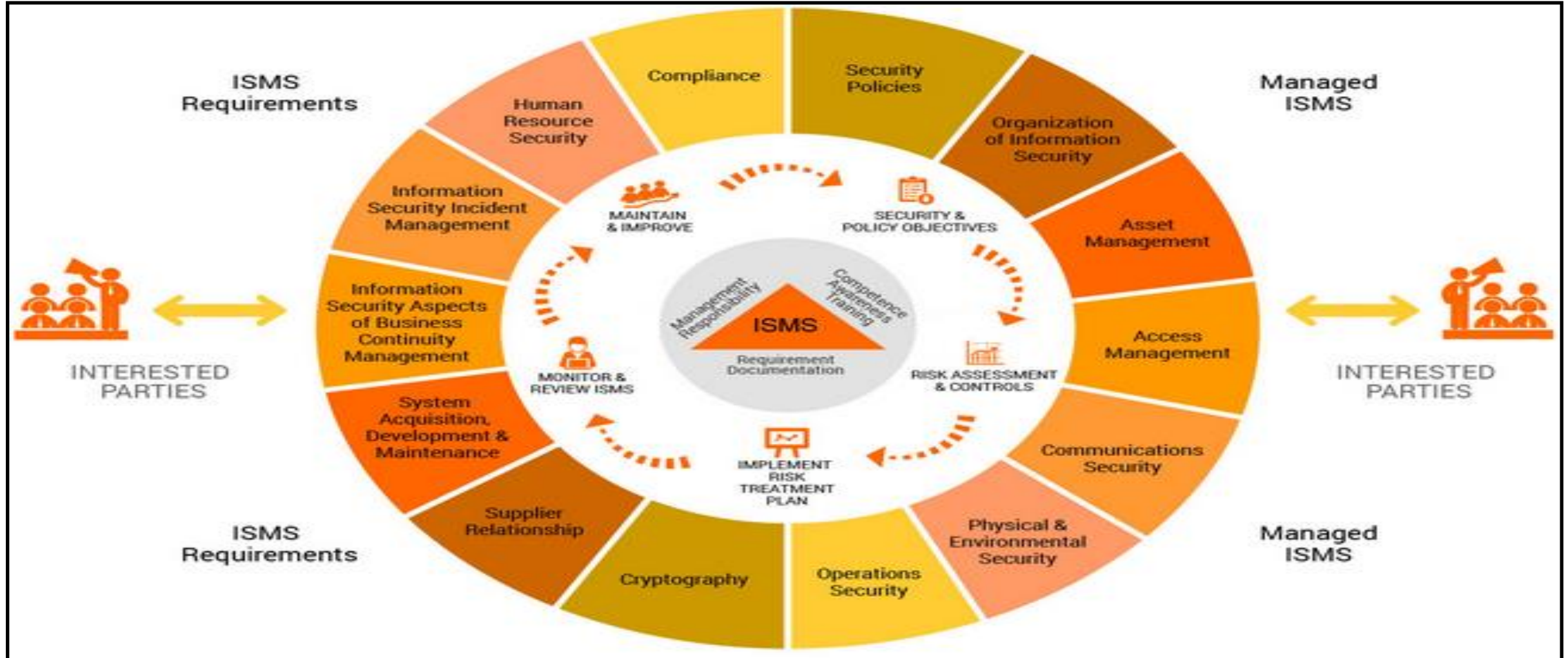


ERP Reviews



Information Security Framework

ISO 27001 (previously BS 7799) is the internationally recognized and most prevalent standard for Information Security



Key Initiatives to combat current situation

“We are in the same storm but not in the same boat”



Surviving and Thriving in Current Environment

The novel Coronavirus Pandemic has resulted in fundamental changes in the way we do business. These can be discussed across the following levers:

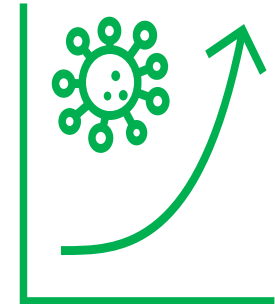
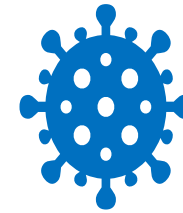
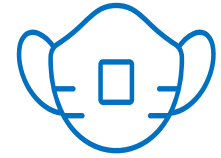
Accelerated
Technology Adoption
Significantly

Made Remote
Working Acceptable
and a Reality

Client Interaction,
Touchpoints and
Service Delivery has
become virtual

Widened the gap
between the
adopters and
laggards

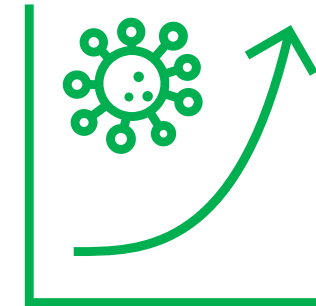
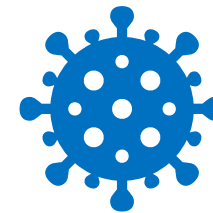
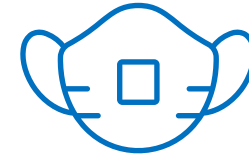
Altered the skill sets
that clients/
employers consider
relevant in new hires



Surviving and Thriving in Current Environment

While full impact will unfold only in the future, the following aspects look inevitable Post-Covid:

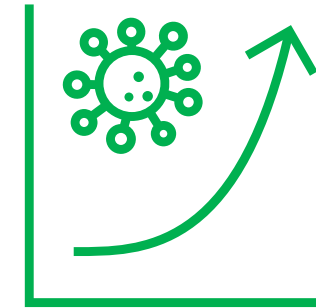
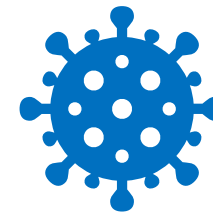
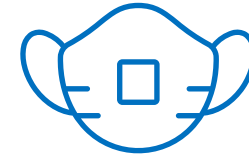
- Emergence of hybrid business model (Physical plus Virtual)
- Using best of physical service model and digital service model
- Digital interactions with clients will be significantly higher than pre-COVID-19 era
- Remote workforce will continue to play an important part
- Analytics/Automation/ machine learning/ AI/ IoT/Blockchain/ Augmented Reality would provide great cost advantage to professionals leveraging these
- Professionals unable to assimilate technology will become uncompetitive



Surviving and Thriving in Current Environment

Certain Tips (based on experience)

1. Accept the reality of technology revolution and that it will have profound impact on the way to do things
2. Do not need to be an engineer to use technology. Usage of technology is much simpler than developing a solution.
3. Equip your workplace and workforce with digital tools and remote connectivity.
4. Need to invest money, time and resources
5. Mastering the art of virtual meetings – platforms, sharing of documents, office like discipline etc to ensure effective virtual meetings
6. Securing your own IT systems
7. Use young workforce (millennials) and expand your selection process beyond technical knowledge to techno savvy technical knowledge



Technology – The Enabler and the Driver

“Technology is not merely an enabler but the key driver for survival and growth”



Contact Details



CA (Dr. Suresh Surana)

