



Principles and Practice

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The Future of Auditing

Technology, Judgment and Ethics in Professional Practice

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Fundamental Principle

Technology does not replace the auditor's professional judgment; it transforms the environment in which that judgment is applied.

The future of auditing lies in the integration of technology with **professional judgment, professional skepticism, ethical responsibility, and professional practice**. Technology can:

1 Analyse large volumes of data

2 Identify unusual transactions and patterns

3 Support risk assessment

4 Assist in obtaining and evaluating audit evidence

Technology-generated results, **are not audit conclusions**. The auditor remains responsible for:

- Understanding the technology used
- Investigating contradictory information
- Evaluating the relevance and reliability of its outputs
- Applying professional judgment



From Technology-Assisted Auditing to Judgment-Driven Auditing

The key professional question is no longer,
"What can technology detect?"



but,
"What must the auditor understand, challenge, and conclude from what technology produces?"

This requires **six interconnected considerations:**

1 Technology

What tool, system, algorithm, or Artificial Intelligence (AI) application is being used, and for what purpose?

2 Data

Is the underlying data complete, accurate, relevant, and appropriate for the intended purpose?

3 Output

Can the results, assumptions, limitations, and potential biases be understood and evaluated?

4 Judgment

Do the results support the auditor's conclusion, or are further procedures necessary?

5 Skepticism

Have contradictory, inconsistent or unusual information and results been appropriately investigated?

6 Ethics

Are integrity, objectivity, professional competence and due care, confidentiality, and professional behavior maintained, together with applicable independence requirements?

Professional Practice

Technology **strengthens, rather than diminishes**, the auditor's professional responsibilities.

Standard	What it means for technology-enabled auditing
ISA 200	Requires the auditor to exercise professional judgment and maintain professional skepticism. Technology may provide information and alerts; the auditor determines their significance.
ISA 315 (Revised 2019)	Provides the framework for identifying and assessing risks of material misstatement, including the use of automated tools and techniques.
ISA 500	Requires sufficient appropriate audit evidence and evaluation of its relevance and reliability, regardless of how it is generated.
ISA 540 (Revised)	Reinforces professional skepticism in evaluating the methods, data, and assumptions used in accounting estimates, and estimation uncertainty.
ISA 220 (Revised)	Establishes engagement-level responsibility for managing and achieving audit quality, including appropriate direction, supervision, and review.



Technology changes **how** audit work may be performed; it **does not change the auditor's responsibilities under the ISAs**.

Ethics: Human Responsibility

As technology becomes more powerful, **ethical responsibility becomes even more important.**

IESBA Code - Fundamental Principles

The IESBA Code requires compliance with the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior, regardless of the technology used, together with applicable independence requirements.

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behavior

+ applicable independence requirements

Risks

Risks such as automation bias, data-quality limitations, technological bias, confidentiality concerns, and threats to independence reinforce the need for professional judgment and ethical discipline.

- Automation bias
- Data-quality limitations
- Technological bias
- Confidentiality concerns
- Threats to independence

The auditor may use technology to perform or support audit procedures; **professional responsibility remains with the auditor.**

P&P Perspective

The future auditor requires **two complementary capabilities**:

1 Technological competence

The ability to understand and use technology effectively.

Technology

- Changes the auditor's tools
- Increases the speed and scale of audit work
- Influences how evidence is obtained and risks are identified

2 Professional judgment

The ability to determine what technology outputs mean, what they do not mean, and what further action is required.

Accountability

It does not change who is **accountable** for the professional conclusion.

*The auditor's professional advantage will not be technology alone, but the ability to combine it with **skepticism, ethical discipline, judgment, and accountability**.*



Practical Framework

From technological capability to a **credible professional conclusion**:



The future auditor will not be defined by the technology used, but by the quality of judgment applied to its results.

Technology can expand the auditor's capabilities; only professional judgment, skepticism, ethics, and accountability can turn technological capability into a credible audit conclusion.

***Principles and Practice (P&P)** presents the author's "Original Professional Philosophy" through analyses, concepts, and practical insights designed to enhance the understanding and application of the relevant standards. **It is not intended to replace**, modify, or supersede the standards themselves, which remain the sole authoritative source for all requirements and guidance.*