



ST. JOSEPH'S COLLEGE OF COMMERCE

Affiliated To Bengaluru City University
Re-accredited with 'A++' Grade by NAAC | College with potential
for Excellence (CPE)
Ranked 72nd in NIRF 2020 by MHRD
#163, Brigade Road, Bengaluru- 560025, Karnataka, India

INVISION

VOLUME 2 ISSUE 1

AN INITIATIVE BY DEPARTMENT OF COMMERCE

(PROFESSIONAL – INTERNATIONAL ACCOUNTING AND FINANCE)

PROLOGUE

St. Joseph's College of Commerce is one of the top educational institutions in India offering various opportunities for students to pursue their careers in the fields of business, management, accountancy and finance. With the motto "fide et labore" (faith and toil), the college aims at shaping a society of inclusive minds to cater to the diversity of our country.

The B. Com (Professional - International Accounting and Finance) course has been designed in collaboration with the association of chartered certified accountants (ACCA), UK, with the objective of providing students with a deeper knowledge and understanding of subjects thereby making it a challenging, yet rewarding course to students with high career aspirations.

Invision, the official newsletter of the programme has been designed with a view to shed light upon current events happening within various corporate fields in order to help students inculcate a strong sense of ethics and corporate values, especially with regards to the accountability, transparency and responsibility of a professional in the business world.

AUDITECH - THE FUTURE OF AUDITING

We've all lived in fear, anticipating that one-day artificial intelligence (AI) would bring an end to the future of accounting and auditing. Finance professionals today don't just focus on numbers, neither are they a bunch of mathematic pros as everyone believes them to be. AI may eliminate the risk of human error but it can never provide the assurance and quality that an auditor does. In today's dynamic environment, finance professionals are required to upskill themselves with soft skills like time management, effective communication, and hard skills like Data & Analytics (DA) and Artificial Intelligence (AI). Rather than fearing that automation will replace such career paths, these are the very same innovative tools that need to be harnessed and leveraged to develop into an effective and skilled individual.

DRIVERS OF TECHNOLOGICAL CHANGE IN AUDIT?

- **INCREASE IN VOLUME OF DATA**

The volume of transactions and data in businesses has increased drastically since 2016 and is expected to keep increasing in the coming future. It has been projected that over 90% of the world's data has been generated since 2016, and significant amounts of it are financial data (March 2018). This rapid rise in the volume of data requires auditors to be equipped and skilled with the latest available technological tools in order to analyse a much higher volume of data in their audits than what has previously been the case.

- **CHANGES IN BUSINESS MODELS**

Businesses across almost every industry within the front line, initially experiencing difficulty handling their disruptive changes that are affecting their auditors. Disruptive change must be distinguished from innovation and technology per se: the key to disruption is that it creates innovation in business models, new ways of working in markets and new sources of value.

- **SHIFT TOWARDS AUTOMATION**

Shift to cloud-based accounting systems and the attendant standardization of processes has made data more easily and widely available, easier to maneuver between systems, easier to control and analyze, and fewer susceptible corruption and errors. Despite this, there seems to be little desire for 'human-free' audit – automation because it can reduce inaccuracies and spot patterns, but that merely provides the chance for people to exercise their thought and judgement, and to bring into play other skills like communication, persuasion and empathy.

- **DATA & ANALYTICS FOR SAMPLING**

With innovative, advanced and sophisticated data and automation alongside machine learning technology, EACH AND EVERY transaction can be tested for any misstatement of arithmetic error which increases the reliability of the audit. Big Four accountancy firms are already expanding their use of knowledge and data analytic skills in risk assessment as well as in testing revenue, receivables, payables, and salaries.

CHALLENGES THAT LIE AHEAD

With the latest technology and advancements coming into play, it wouldn't be right to state that the pandemic was a saving grace for these professionals. Some challenges that lie ahead are:

- **SKILL GAP**

It is essential that the workforce stays skilled and updated with the latest trends and software tools to carry out quality audit work. Auditors and accounting professionals may face a challenge to constantly stay skilled and upgraded with the latest trends, such as data mining and analyzing, use of AI and machine learning and so on. Such different changes in technology can be completely new and alien to the working professionals, therefore employers and leaders must make sure that their employees have great adaptability to the rapid changes and dynamic work environment. Incorporating such technological advancements in the first place can also prove to be a task as it involves a considerable amount of capital investment.

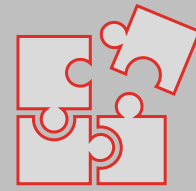
- **CYBER SECURITY**

Cloud-based technology is here to stay. They provide high functionality at a low price point and the associated maintenance costs are also low. Cloud technology costs are classed as operating expenditure rather than capital expenditure. For cloud to be useful, it needs to contain critical data. But this comes with risk as there is a growing need to protect critical data and comply with relevant regulations. Over the years cyber security has grown into a critical business risk and if the required and effective infrastructure isn't kept in place, this creates a risk of crucial and confidential information of the client leaking into the public space.

IMPACT OF TECHNOLOGY ON AUDIT FEES

The evolution of technology challenges the value proposition of the audit. Now, automation and offshoring will allow audit firms to cut costs as well as the time required to complete an audit. Audit fees have typically been charged the time taken to conduct the audit, but thanks to this innovation audit firms will not be selling 'time' anymore. With the use of technology, fees are going to be supported on knowledge, connecting that knowledge to strategy, mitigating the precise risks of the organization and becoming the advisory and main driving force for the organization's board and stakeholders. The USP of audit firms are going to be their ability to leverage the potential of digital and other value add components that they carry to the audit which others cannot match.'

ACTIVITY



Imagine you were an entrepreneur at the prime stage of establishing your company and you had to make a decision to implement certain internal controls for the smooth running of the business. Which of the following would you choose?

1. Instructing an employee to physically secure cash and other important assets in a locker to be transferred to a bank account by a cash logistics company later.
2. Reducing the work of employees by not adopting dual authorization and approvals of data by the accounting department.
3. Segregating duties among the workforce to reduce the risk of error.
4. Saving money by not reviewing and verifying monthly audits and reconciliations done for the bank accounts.
5. Not generating business forms to track sales, credits, refunds or returns of merchandise.
6. Getting goods insured in order to cover the losses that may be caused due to theft.

Submit your answers here <https://forms.gle/Q51mXMEDhyShktR68>

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