



GROSSMAN YANAK & FORD LLP
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Robotic Process Automation in Auditing



GYF VIRTUAL CPE DAY 2021

Presented by:

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INTRODUCTION



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WHAT IS RPA?

Computer-coded, rules-based software robots (Bots)

- Automates certain human tasks
- Only able to handle specific tasks as trained
- Uses the same security settings as the human users





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RPA IS/DOES NOT



Compromise or
modify the underlying
IT infrastructure



A replacement for
knowledge workers



Artificial intelligence
(AI)



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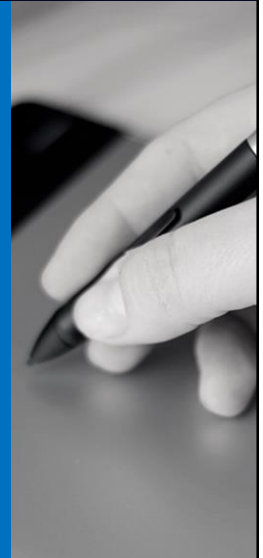
RPA vs. AI

RPA cannot, and AI can:

- Learn from data patterns
- Make judgements



RPA replicates human actions,
not cognitive processes





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WHAT RPA CAN DO

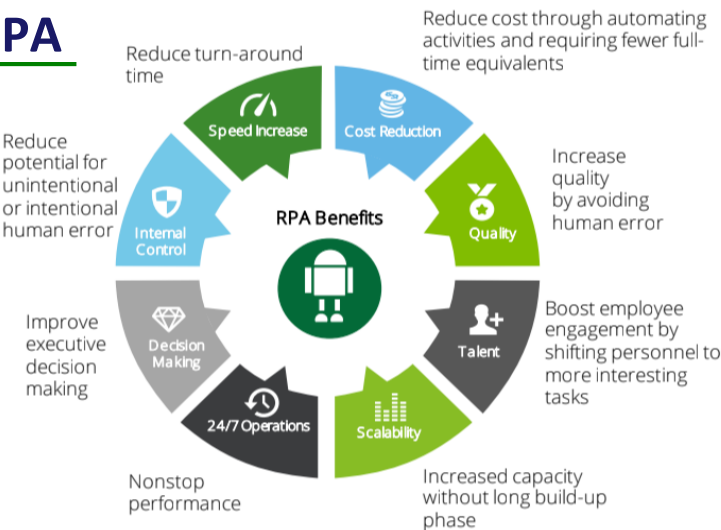
Open, read, and create emails	Log in to Enterprise apps	Move files and folders
Copy and paste	Read and write to databases	Follow decision rules
Collect statistics	Extract data from documents	Fill in forms
Make calculations	Obtain human input via emails/workflow	Pull data from the internet

SOURCE: DELOITTE 2018 STUDY



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BENEFITS OF RPA



SOURCE: DELOITTE 2018 STUDY



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RPA STATUS

- Rapid development
- Accelerating deployment
- Still a long way to go
- Audit has lagged
 - *Assessment of client use*
 - *Use in the audit*



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RPA CONSTRAINTS

TECHNOLOGY

TIME AND COST

COMPANY
CULTURE

NEED FOR
STANDARDIZED
DATA

VERY
PROCESS-
SPECIFIC

GOVERNMENT
REGULATION



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UTILIZING RPA



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HOW OUR AUDIT CLIENTS ARE USING RPA

Finance and accounting among most common, due to:

- Need for accuracy and consistency
- Repetitive nature of transaction processing
- Information gathered from fragmented systems
- Dependency on:
 - *Data entry*
 - *Data manipulation*
 - *Report generation*



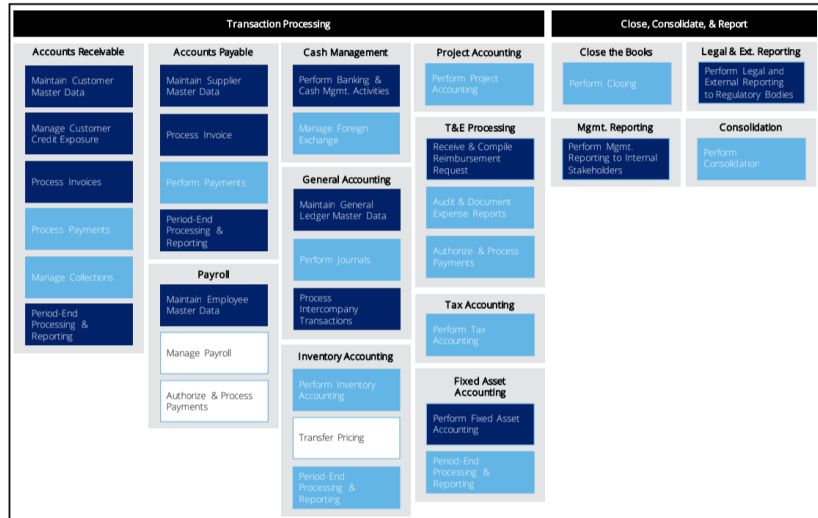


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VIABILITY OF RPA

For specific finance and accounting functions

RPA Low Medium High



SOURCE: DELOITTE 2018 STUDY



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COMMON USES OF RPA

Commonly automated accounting functions include:

- Order to cash and accounts receivable
 - *Creating and updating customer master data*
 - *Reviewing and approving customer orders against predefined credit limits*
 - *Validation and posting of customer payments*





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COMMON USES OF RPA

Commonly automated accounting functions include:

- Accounts payable
 - *Inputting invoices into an enterprise resource planning (ERP) system*
 - *Processing changes to purchase orders and updating the ERP system*
 - *Matching invoices against corresponding purchase orders and receipts*



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COMMON USES OF RPA

Commonly automated accounting functions include:

- Financial closing and reporting process
 - *Journal entry validation*
 - *Low-risk account reconciliations*
 - *Generating reports and loading into reporting/consolidation templates*





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AUDITOR CONSIDERATIONS



Impact on IAC design and operation



Errors can grow quickly before detection



Bot processes may inadvertently violate regulatory or reporting requirements



Required different skills to evaluate and assess risk



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IAC & AUDIT CONSIDERATIONS

Protocols must be amended to include automated processes and components

Review of audit logs must be performed to verify accuracy of bot performance

Comprehensive compliance checklist must be developed to meet regulatory requirements



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IAC & AUDIT CONSIDERATIONS

Periodic feedback and review of processes must be performed to determine if RPA is effective and necessary

All documentation must clearly show where and how bots are used

Must understand which bots have direct impact on financial reporting and which do not to focus on auditing the most relevant processes



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APPLICATIONS OF RPA



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OVERVIEW

RPA Industry and Expectations

- RPA market is expected to top \$1 billion annually
- Potential savings of \$5 trillion to \$7 trillion by 2025
- RPA output to replace/surpass 140 million FTEs



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OVERVIEW

Where are RPAs Most Effective?

- Repetitive and predictable processes
- Processes that require real-time or periodic results
- Systems that do not automatically sync or have the same language
- Processes that require significant human input but lack judgement



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OVERVIEW

Applications for small and mid-sized businesses

- RPA application is not just for large corporations
- Advantages of smaller organizations when applying RPAs
 - *Fewer systems and forms of data*
 - *Fewer users*
 - *Less complexity and volume*

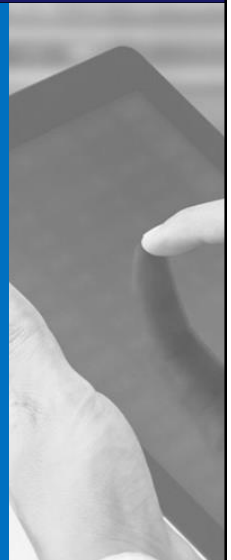


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EXAMPLES OF RPA IN PRACTICE

Inventory

- Purchasing and inventory level management
 - *Just-in-time inventory is prone to human error*
- Cycle counting
- Handling of dead stock
- Tracking of storage & shipping costs
- Increased visibility and tracking





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EXAMPLES OF RPA IN PRACTICE

HR and Payroll

- Utilization of automated time keeping and reporting
- Additional security/verification (fobs and passwords)
- Data verification (range of hours)
- Automated reporting and submission
- Employee onboarding and hiring



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EXAMPLES OF RPA IN PRACTICE

Expense Reports/Credit Card Statements

- Extract data from submitted receipts/invoices/statements
- Determination of classification and coding
- Thresholds/exceptions/new vendors sent to reviewer





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APPLICATION FOR AUDITORS



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EXAMPLES OF RPA IN AUDITS

Inflo

- Streamline audit collaboration and completion
- RPA elements include:
 - *Email generation and status tracking elements*
 - *Variance analysis based on pre-set thresholds/expectations*
 - *Revenue cycle matching*
 - *Automate selections for sampling*
 - *Ratio calculation, compared against industry*



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EXAMPLES OF RPA IN AUDITS

MindBridge

- Blend of RPA and AI (started with AI)
- Currently ingests client G/L detail and trial balances
 - *Risk assessment*
 - *Trend and fluctuation analysis*
 - *Journal entry analysis*
- Beta testing full RPA integration for year-round testing
 - *Purchasing and inventory level management*



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EXAMPLES OF RPA IN AUDITS

A/P & A/R Confirmations

- Prepare and send forms
- Accept confirmations
- Extract necessary data

(www.confirmation.com)

Revenue Audits

- Send selections to clients
- Perform searches for documents
- Extract/import data from documents
- Check between data and generate alerts for any transactions that have differences





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EXAMPLES OF RPA IN AUDITS

Continuous Audits

- Almost real-time collecting/cleaning of data
- Automate internal controls testing and exceptions reporting
- Automate data collection/classification for risk assessment purposes



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EXAMPLES OF RPA IN AUDITS

SafeSend

- RPA focused on accounting and tax solutions and innovations
- Electronic assembly and organization tool for tax preparation and issuance
- Provides accountant and client return signing capability
- Payment reminders and documentation



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CLOSING THOUGHTS



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**USE OF RPA IS
RAPIDLY
EXPANDING**



**AUDITORS HAVE
OPPORTUNITY TO
IMPROVE EFFICIENCY**



**AUDITORS NEED TO
UNDERSTAND THE
IMPLICATIONS**



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Questions?

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Administrative Concerns should be directed to Mary Lou at: HARRISON@GYF.COM