

WHITEPAPER

The Audit of Tomorrow

Why rethinking your workforce is the key to making room to grow

YOUR AUDIT FIRM'S GUIDE TO BUILDING A MORE FLEXIBLE, EFFICIENT AND COST-EFFECTIVE WORKFORCE ECOSYSTEM

Introduction

Audit departments, and the leaders who run them, are fighting for air in increasingly fast-paced, complicated, and unpredictable conditions – and can we blame them?

Emerging technologies, decreasing client bill rates, and an ever-increasing skills gap are squeezing the life out of audit firms, and these are just the external challenges.

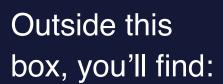
Internal pressures are equally intense: the mandate to serve as a strategic partner to the business, shrinking budgets despite growing workloads, and staff burn-out and turnover... No wonder HR teams need 8 days in a week!

It's time to empower the modern audit department.

How? By stepping outside of the box and rethinking audit workforce dynamics.



A snapshot into the cost-conscious, people-centric reality that audit departments navigate





A flexible workflow vs a full-time team vs cost savings - how are we managing?



The firm-saver: a proven third-path approach to HR challenges



An actionable tool to guide decisionmaking in a third-path approach The facts are clear: audit teams are getting it from all angles.

"Come on, Team Leader: React to new challenges, do more with less, and drive change to support the business and improve efficiency!"

It's a tall order - and a mandatory one if you want to grow.

So what do audit leaders do to ease the pressure? A modified graduate hiring approach towards technology. In other words, hire more non-accounting graduates as the skills gap increases, grow in-house teams around technology, and you'll have more control over future client needs.

Right, but what about traditional audit services? What about growing experienced talent?

According to a 2019 AICPA report, the number of candidates taking the CPA Exam in 2018 dipped to its lowest level in 10 years. And that was in 2018... The latest 2021 report indicates an even lower supply of candidates.

So if the talent decreases and demands increase, how will audit teams meet client demands during busy season, while creating a compelling career path for existing teams?



The Facts



One of the greatest pressures on audit departments is to reduce costs. But, almost all audit department spend goes to people. Maybe it's time to think differently about the "who" of audit work...

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Forget about "either-or". Let's manage "who".

Let's face it: workflow flux is not sustainable. Neither audit leaders nor clients benefit from the uncertainty and pressure of reducing spend and meeting business goals.

Your clients expect you to meet their peak needs. Still, you're also responsible for ensuring high retention rates during low utilization periods – and losing the latter could cost you the former. Without time or toolsets to optimize your talent utilization, you're left relying on ingrained habits.

The point? Matching a full-time team to a workload that ebbs and flows is not practical.

The result? Swings between billable and non-billable work leave internal resources feeling disengaged or under-utilized.

You can't strictly follow the need to hire for future trends. If you do, you may miss out on

opportunities to challenge and engage current inhouse talent – especially high performers doing high-profile work.

The "either-or" model split between needs of now and needs of tomorrow isn't working for the audit teams and is doing more harm than good.

What about a third-path approach to managing the "who" in audit work? One so magical, it elevates HR teams' ability to build an agile audit ecosystem, offers unprecedented flexibility and scalability, and is cost-effective. Ready? Here it comes...



What – or who – awaits you on the third path?

First, let's look at what the third-path approach is not.

It's not:

- A replacement for in-house teams
- An elevated term for "temp work"
- Erasing the need to hire for future client needs or robust in-house teams

What is it?

Flexibility to:

- Meet the existing audit team
- Complement internal and external resources
- Enable proactive processes with more predictability

"When we talk about rethinking who does audit work, it amounts to recognizing that your department's current resourcing habits may not serve you as well as they once did. We need to take steps to build new habits that promote a more effective audit ecosystem."

Paul Emery, Makosi

The third-path approach allows you to:



Tap into a highly-skilled, costeffective, and flexible pool of talent



Make strategic rather than habit-based decisions that create room to grow



Allocate tasks that ensure in-house teams are focused on the work most closely aligned with your business goals



Integrate cost-effective, flexible talent resources when you need them, without paying for them when you don't

Until recently, there was no third path. But the combined forces of technological innovation and the rise of the gig economy have made flexible talent possible.



How do you know when you need it?

UNPLANNED TURNOVER

When you have a point-in-time talent gap due to turnover or individuals going on leave

REALLOCATIONS

When you allocate a high-performing inhouse team member to a critical matter and need to backfill their daily work

DIVERSE CONTRAINTS

When increasing workloads, maxedout bandwidth, long recruitment cycles, or hiring freezes converge

EXPERTISE SHORTFALL

When you need highly specified expertise to tackle a challenge and want your inhouse team to experience this knowledge development opportunity



Over the past decade, the demand for HR teams has increased more than ever, but the model they've had to work with is broken. Flexible talent represents an additional tool for HR teams and audit leaders to operate with more agility. In the audit profession, agile workforces are the future."

Darren Isaacs, Makosi

BUSINESS GROWTH

When you've taken on a slew of new clients while having resourcing constraints

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Yes, using flexible talent may seem intimidating because it represents a change from long-ingrained habits. But getting started is simpler than it seems. You don't need a month-long consulting engagement or an expensive technological revolution. All you need is one step down the third path towards your next resourcing decision. This starts with asking new questions.

It's time to take the third exit

On your next task:

Use this Decision Guide Flowchart to help you take the first step toward room to grow:

Instead of:

IS THE WORK VARIABLE OR SHORT TERM?

Ask:

Can a flexible talent resource help us think proactively about potential upcoming tasks when we need to increase capacity?

Instead of:

IS THIS PIECE OF WORK STRATEGIC IN ENHANCING THE CAREERS OF MY INTERNAL STAFF?

Ask:

Does this represent a stretch opportunity for someone in-house? Can we use flexible talent to backfill their business-asusual tasks?

Instead of:

DOES THE WORK
REQUIRE EXTENSIVE
KNOWLEDGE OF
THE BUSINESS
FROM EXISTING
EMPLOYEES?

Ask:

Can I use flexible talent to fill the tasks gap while an inhouse employee takes on an opportunity?



the future of audit

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