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Scavuzzo: Audit is ripe for disruption

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Technology today has transformed the audit, making the old image of associates counting boxes in a warehouse quaintly antiquated. Auditors today can access far more information with far fewer people, and achieve deeper insights into the data as well. But, according to Peter Scavuzzo, Marcum's chief information officer and the CEO of Marcum Technology, that audit technology is ripe for further disruption.

"I think we are in for another transformation in the audit space. There's a lot of different vendors racing to bring the next generation of audit platforms into the future. The industry has been on these [kinds of] platforms for a decade and I think the next few years will be interesting in how these platforms turn out. When anything new comes out, prime time is years afterwards, so audit platforms and how audits are done with this new technology is still unfolding as we speak," he said.

These next generation platforms will be necessary at least in part due to all the additional things auditors must now check. Scavuzzo noted that anywhere there is a need for accountability, there will be a need for audits. Auditors, he said, have already gotten into evaluating cybersecurity to the point

where it's not even that unusual anymore. Similarly, auditors have long become accustomed to the need for SOC reports as well. As more things are demanded of auditors, professionals will need increasingly sophisticated tools. ESG is just one example.

"I love how the industry is aligning with [environmental, social and governance] right now, and this ties back to energy and fiscal responsibility, how businesses need to be more cognizant of energy consumption. That evolution will tie back to accounting and the profession will be able to align with that to be a part of it," he said.

Auditors will also need to contend with data being drawn from more sources as organizations open data inputs to everyday people, also known as [citizen data science](#), where a person creates or works with data but whose primary job function is outside the field of statistics and analytics, instead bringing their own expertise to the situation. While this is a growing trend, Scavuzzo expressed concern that it could start to impact the quality of data.

"This whole concept of 'Let's get everyone in the organization to be a data scientist, they'll all become data people' — that's something completely oversold as a concept," he said. He noted that, first of all, not everyone would necessarily want to do this in the first place. But there is also the question of competence. "Realistically, these people can barely do high-level functions in Excel and now you want them to do high-level data analysis? How proficient can any one 'citizen' be with data? I think it was something the world has been moving towards, empowering and enabling everyone. I just don't see that as being practical, or if people have an appetite to do that," he said.

Enhanced audit solutions, though, will also need better technology to gather and refine data in the first place. Scavuzzo said the work accountants do demands a high degree of accuracy, which isn't always delivered by today's data ingestion solutions. As many people are already aware of this problem, he predicted further enhancements for things like optical character recognition and data processing. These will further enhance the audit by providing more accurate information.

"While it keeps getting better, for OCR and [data processing] there is a high demand to be accurate. We're accountants. We can't depend on a form being 80% accurate or only getting 90% of data organized correctly. Our appetite is for 100%," he said.

Of course, he said, it is unknown whether anyone will ever achieve 100% accuracy, considering the challenges arrayed before the profession.

"We get paper and data from our clients in an array of different crazy formats. We'll always struggle to digitize all that stuff and get the real data and the real accurate numbers that can go into our systems. I don't know at what point the whole world becomes digitized to the point where accounting firms get W-2s and 1099s all electronically to produce the work products and integrate with all their clients' financial systems and not have to rely on reports and PDFs," he said