

## Hey! What's New? 2025-124

### People Powered, Tech Led Audits Unlock New Era in Audit Quality

BDO US's second annual Audit Innovation Survey, released November 17, finds that "the use of advanced technologies in the audit has crossed from cautiously experimental to increasingly mature. The research also finds that as tech adoption increases, the role of the auditor in providing judgment, professional skepticism and the ability to interpret complex data is becoming more critical than ever before."

BDO's research reveals that advanced technology is enhancing quality, efficiency, transparency and risk management across the finance department. Leaders report using AI strategically for audit applications like data management and transformation (61%), risk detection and management (54%), automated data entry (50%), fraud detection (45%) and predictive trend analytics (43%).

The report also finds that technology is "helping facilitate a smoother audit engagement experience. This year, 63% of finance leaders said they believe using technology in the audit leads to more efficient processes and collaboration, an eleven-point jump from last year. The data also suggests that auditor and client technology is increasingly aligned, with 93% of finance leaders report that their auditor's technology sophistication now matches their own (up from 89% in 2024), and 85% say their auditor's technology meets or exceeds expectations, an eight-point jump from 77% the previous year."

According to Brian Miller Assurance Managing Principal, Digital Transformation and Innovation at BDO, "audit technology has reached an inflection point. Finance leaders no longer ask if their auditor uses advanced technology — they expect it. But while technology is an enabler of today's audit, people remain the most critical factor. Curious professionals who leverage innovative tools and thoughtfully interpret results are creating greater stakeholder value, with more transparency and accuracy, than ever before. The audit firms that are investing in their people, data and technology are defining the next era of audit quality."

BDO's report reveals that four in five finance leaders (81%) report greater trust in audit firms that use advanced technologies, an 18% increase from the previous year. "The research also finds that most finance leaders (97%) are willing to pay more for audits underpinned by advanced technologies. Finance leaders increasingly believe that technology in the audit delivers cost reductions (from 29% in 2024 to 46% in 2025), suggesting that leaders believe there is a strong return on investment in audit technology."

Despite the value leaders place on advanced technologies, their data governance confidence has declined from 55% rating it "mature" in 2024 to just 46% in 2025. This, says the research report, "may suggest growing awareness that new technologies raise the bar for what constitutes strong governance. Additionally, while 92% of finance teams have either implemented AI or plan to do so in the next 12 months, just 43% of organizations say they have a formal AI governance framework in place. This is particularly concerning given the risks finance leaders associate with AI: 82% cite cybersecurity concerns, 80% worry about data privacy and 71% fear AI-generated inaccuracies. Without robust governance frameworks, these risks can undermine the very trust that advanced technology is meant to reinforce."

Many finance leaders (74%) are concerned about regulatory risks when using AI for the audit. BDO's report suggests that many companies "are caught between the desire to innovate and concerns about creating compliance risks. Despite the challenges associated with limited regulatory guidance, 48% of finance leaders believe that audit innovation technology like AI leads to enhanced accuracy and error reduction. As regulatory frameworks evolve to keep pace with innovation, finance leaders are calling for proactive standards that support responsible adoption rather than reactive compliance."

The report notes that last year's research revealed challenges with technology integration and enablement, "and while progress has been made, challenges persist. Data extraction challenges, lack of expertise in interpreting AI-driven outputs, and compatibility with auditor technology are all still key issues preventing teams from realizing the full value of advanced technologies in the audit. The report suggests there is a need to invest more in training and upskilling across the accounting profession with the understanding that it's people, trained, empowered and aligned, who will define the future of finance and audit."

Download the full [BDO Audit Innovation Survey](#) here.