1 INTRODUCTION: COMPUTERS, IMPACT AND PERSPECTIVE

Much has been written about the impact of computerization. It is certainly not the intention to repeat that here. But it may be useful to identify some of the influences of computers, on society in general, which, after all, is the environment in which auditors function, and then on the audit profession.

The Social Impact of Computers

Computers and computer systems are no longer elitist concepts, they are common goods now, de-mystified: “a computer error” may still be a commonly used excuse for whatever mistake, but it doesn’t work any more: everybody recognizes it as a poor one and not a valid reason for anything that goes wrong. Computers have become accepted instruments in everyday life and everyday work.

Computers have had and still have a substantial impact on education, at school, college and university. Of course, informatics is a separate curriculum nowadays, but many other subjects, mathematics for instance, have changed dramatically as a result. Language training has been influenced far more than many would expect, as we will see later.

The role of information technology in society is growing all the time: it may have started with computer freaks, but it has become more general: playing and experimenting with computers, developing systems and applications, building experience outside school and work, in communication and all the other areas. Even if your interests or hobbies are elsewhere, this will not sound strange to you any more. The technology has become embedded in personal life.

Many industries are unthinkable without sophisticated use of computers. Their importance to the national and international economy is greater than one could possibly have imagined before. This is not to say that we have
become a mature information society. That concept is too vague, and as the
technology develops, society will have to develop with it. But it is important
to be aware of these developments. They characterize our environment, also
the environment in which our profession operates. They are co-determinants
to the acceptance of computerization in our professional work.

The Impact of Computers on Auditing

At first sight, the impact of computers and automation on the audit profes­
sion is considerably less than on society. If this were correct, then it should serve as a warning signal that our profession lags behind developments in our operating environment. This would certainly not augment the credibility of our profession.

The impact of computers on auditing may be seen from the development of the EDP audit profession over the last twenty years. In the early days of EDP auditing, auditors became concerned with control over the use of computers; later they began to occupy themselves with the possibilities of using the computer to support their audit work. They were soon called EDP auditors. Later this became a sub-division of the internal and external audit professions.

Eighty per cent or more of the businesses and organizations that form the practice of auditors use computers for their accounting, for their information systems, and to manage and control their operations. Only a relatively small proportion of these are visited by an EDP auditor, or see their own auditor use computer-based audit techniques.

This is often for good reason. There are still many problems. Problems of a technical nature, such as file access, audit software compatibility, cost-effectiveness of audit software usage, and others have not been solved yet. Moreover they are often also the reason why, out of the large range of EDP audit instruments that exists, only a few are used in practice.

However valid these comments may be, they only partly portray the influence that computers have had on the audit profession and the audit practice.

Auditors have become computer-literate, which is a major step forwards. They can function in a computer environment without feeling ‘out on a limb’.

Auditing theory has made substantial progress: without EDP auditors we might not have known systems-based auditing in quite the way we know it now. We understand the nature and the essence of internal controls and also their role in auditing, a lot better than we would have otherwise.