

# Profession : Inevitable Transformation Post Covid 19

**QUE  
SERA SERA .....**

*'Que Sera Sera', 'whatever will be, will be, the future is not for us to see'; a lyric penned by the team of Jay Livingstone and Ray Evans in 1956 and made immortal by singer and actress Doris Day in the Alfred Hitchcock classical movie, 'The Man Who Knew Too Much' is very close to our Indian philosophy of 'jo hoga, so hoga'. We live with this cheerful fatalism.*

*But Covid 19 has given us a jolt. We want to live and live the way we always lived. We fail to recall that change is the only constant. And now the race is not between the tortoise and rabbit, it is between the tortoise and the tiger. There are no marks for predicting the winner, 'Tiger'.*

*Read on...*



Our profession took over 50 years to come up with mandatory accounting standards in the year 2006. By the year 2015, we had a complete new set of accounting standards. Companies Act took nearly 65 years for a new avatar. We now have GST whereas sales-tax and service-tax are now in distant past. Income-tax Act is waiting for a new avatar, sooner than later.

Are the times changing?

No, Covid 19 has changed the times forever. A 'new normal' is emerging.

What is this 'new normal'. First, it has to have a name. We will

call it NNV1 (New Normal Version 1). Why version 1? Rest assured – there will be many more versions as the situation unfolds, Covid or no Covid.

Now what are or will be the features of this NNV1. Few macro indicators have emerged. A lot will emerge soon.

The foremost major indicator is physical distancing. Social distancing is not a correct word. We should not even advocate social distancing. Anti-social society is not we should be looking at.

The next major indicator is work from home (WFH). WFH will have severe impact on





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office space, particularly in the services sector and the office space occupied by corporate India. Offices will expand in area but shrink in density. We may be looking more at co-working, satellite office space where payment is based on usage aka cloud computing. Office clusters like Nehru Place in Delhi or BKC in Mumbai will be ghost towns at least from professional firm's perspective. It might hold true for certain other business as well. Digitization will be, as we Chartered Accountants call, all pervasive. Yes, staff mobility will increase, as due to digitization, you can work from anywhere. When presence in office is not a prerequisite, then whether you are based in Noida, Gurugram or in any other place, it will not make an iota of a difference for your employer.

Even in manufacturing, there will be another wave of innovation. Migrated labour is in no hurry to return. Schemes like MGNREGA will take care of their 'roti, kapda & makaan'. So, are we looking at decongestion of cities. Redundant jobs will give way to increase in productivity.



Unless the economy expands, people on the street as compared to people on jobs will increase. Society may face restlessness. Scrupulous people will find ways to manipulate the situation. A new socio – economic – political order will emerge latest by 2025, if not earlier.

No, we are not yet looking at doom's day. But again perhaps, allowing imagination to run riot, Covid may be the last Vishnu Avataar 'Kalki'. Will we be back to Satyug followed by other yugas? One thing is evident. Like 'samudra manthan' the society will undergo a churn. We need to have 'Mahadev' to consume all the vices and enhance the virtues of the existing society. Elixir may still remain in the deepest realms of the ocean. We will have to wait for 'Mohini' avatar .

We as Chartered Accountants, an important pillar of an orderly society, cannot remain complacent. We must accept that we are looking at a 'new normal'. It is our responsibility to evaluate the challenges of this new normal NNV1+ and prepare ourselves for those

challenges else we permit them to overwhelm us.

So, let us look at the crystal ball, as you call it segment by segment despite being fully aware that a Chartered Accountant should not make future projections. But times are extraordinary and exceptional measures are need of the hour. We have a saying, 'vipatti kaal, aapda dharam'.

### Student Affairs

Our students are our backbone. Their logistics like registration are already online. Three aspects need to be looked at: practical training, theoretical education and evaluation.

- **Practical training:**  
The present system of registration with a specific principal may undergo a change. Students will register on a digital platform. There will be pooling of resources. Principal will post their requirements on the portal. There will be limit to requirements of students



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that a principal can get. Students will also post their preferences. The platform will undertake a match making based on defined parameters. Students will be reimbursed through the members wallet maintained with the Institute. The records of the students will be updated based on feedback by the principal.

- **Theoretical training:** The training will be paperless; everything will be digital. This requires a change from the present textual form of publishing text books. The study material will consist of text books, videos, lectures, presentations, webinars, online exercises.
- **Evaluation:** This will be continuous rather than periodic. Senior members still remember 'eligibility' test papers which were to be cleared before being able to sit in formal examination in May or November. The periodic examination will pave way for regular or monthly evaluation. After completing prescribed practical training (number of days), theoretical training (number of hours) and number of practice papers, student will be eligible to appear for a paper or a group of paper. There will be no examination centre. The student will appear from the security of their homes. Or there could be digitized examination centres across country or even abroad

of varying capacities. The entire examination will be online and will be recorded as every device now has a camera. There will be no standard paper for any of the subject. The paper will be generated at random from an examination question bank. Results shall be available immediately.

### Members in practice

Presently, the profession is personality driven, particularly mid – size and small firms. Large firms have, no doubt, invested in technology and are process driven so far as audit and assurance functions are concerned. Other level of firms lacks in resources be it money, manpower or investment in technology. They overcome this by ensuring more physical presence and examination. At the field level, the transaction based audit is still in vogue. It will take time for risk based audit to grow, though roots have emerged from the seed. Consultancy still requires personal interaction. Faceless scrutiny or litigation are still in nascent phase. All these things will change, sooner than later. If

they do not change, they need to be changed. A new office culture and work environment will emerge. Few crystal glass gazes are:

- **Virtual Office:** Physical office will be replaced by virtual & paperless office. Your digital device will be your office. All communication and meetings will be digital be it with client or regulatory authority. For storage of documents (perhaps some documents may still be created on paper), there will be specialized service provider 'document banks' who will provide document lockers with collection and delivery service. At most there could be a transit office leased on hourly basis from a co-working space provider.
- **Audit presence at client location:** It will be a memory only. Probably these may be more in the form of Grandmother stories. Professionals will share experiences when unwinding in the evening with a group of friends



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over video conferencing platforms which may be security risk free. Innovative methods of physical verification of assets and transactions will evolve. The absence during physical verification will increase. Therefore, risk mitigation strategies will emerge. Thus, standards of assurance will need modification. Further, all underlying documents of a transaction will be archived in the ERP with the voucher. There will be a need for audit observation resolution software. It can be said that large clients will have resources to undertake digitization & in turn resolve audit queries. But, how about small & medium clients? Either the regulator will exempt them from audit or assurance requirement or specialized service providers will emerge who will manage the digitization for them. There seems to be an opportunity for our members.



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- Audit & practice tools:** The large firms have audit tools. ICAI has to step in for a common digital audit & practice tool for small and medium practitioners. In the alternative, these audit firms have to pool in their resources. Individually, it may not be viable for each of them to develop personalized tools. Instead of periodic audit, concurrent audit will be the way forward for statutory audit. Other types of audit such as internal audit, concurrent audit & forensic audit will see new methodologies being developed. Absence of audit tool cannot be a reason for disclaimer of opinion. There may be concentration of practice. The divide will need to be bridged otherwise the weaker and the fragmented end of professionals will on the way out. To maintain credibility, the audit firm will have to undergo an ITGC audit. The process of peer review and quality review will be more frequent & stringent. Staff has to fully equipped with digital equipment with legal software.

In nut shell, for a professional, the note pad or mobile phone will be the virtual office tool.

- Fees:** A downward trend will be evidenced as the travel will reduce. The billing of travel hours & cost will not happen. Moreover, due to digitization, productivity



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will increase. There are chances that the practice would require restructuring both in terms of nature of assignments handled and the charge of fees.

### Members in industry

There is a strong evidence that jobs could be at stake. Many enterprises have either retrenched people or reduced their remuneration. The Finance & Accounts department may at best will really be a skeleton department for internal consultancy to Information Technology (IT) department. With digitization

& standardization, it will be the IT department that will rule the roost. Thus, cross functional skills of a CA will need enhancement. Even now, a large size of fraternity is excelling in other areas of management including top management. The skills must be made more versatile.

### **Enhanced responsibility:**

With digitization, comfort of physical world will evaporate. With virtual world, come transparency & consequently additional responsibilities. With transparency, regulatory action will only increase. The auditors will now be no longer watchdogs but will be bloodhounds. Possibility of frauds will increase. Remember, Satyam was perpetrated by an IT magnate, Nirav Modi happened despite best of IT systems. Recently code of ethics has cast responsibility on the members in industry for compliances. Security systems will help but one must be on guard all the time.

Whatever mentioned above is only a tip of the iceberg. The overall environment will change much more drastically. ICAI has been setting the accounting standards & standards of auditing for over five decades. In last 10 to 15 years, it has been more proactive at the international level & now the time is ripe for ICAI to take leadership position. It augurs well that an Indian Chartered Accountant Shri S B Zaware is chairing Asian Oceanic Standard Setters Board. Let us hope that we will move further

& assume leadership positions in IASB, IAASB & IFAC also in the times to come. We are second largest accounting body in the world & our voice is now being heard with all seriousness. It is the time to take our auditing & accounting concerns particularly in respect of MSMEs & SMPs respectively to the various international forums & get the same resolved.

ICAI needs to take cognizance of the fact that NNV1 is here to stay. ICAI needs to be completely digitized with nil budget for paper, stationary & printers. A visionary task force must be created with members from the profession and the industry. It has to be a mix of senior & young members. Chanakaya said that to succeed in life you need both energy & experience. The only problem is that energy goes with age and experience comes with age. A concept paper needs to be formulated. Implementation must begin by year end. The presence of bottlenecks should not deter us for our road ahead. There will be course correction also. It is time to move ahead. Our great poet Shri Rabindranath Tagore had scripted, 'Jodi Tori Daak Shune, Keo No Aase, Tobe Eklo Cholo Re', others will join you as you move forward.

Please see, all said, the future is exciting and not scary. The future is not by chance. We must predict to stay ahead of the curve and force future to happen before it unravels itself. Yes, there will be roadblocks and mental blocks, but these will be



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overcome by sheer perseverance. The early bird catches the worm.

Signing off with the lyrics of the gospel song that become a protest song and an anthem for civil rights movement and is even more relevant now:

*We shall overcome,  
We shall overcome,  
We shall overcome, someday.*

*Oh, deep in my heart,  
I do believe, We shall overcome,  
someday.*

*We'll walk hand in hand,  
We'll walk hand in hand,  
We'll walk hand in hand,  
someday.*

*Oh, deep in my heart,  
I do believe,  
We shall overcome, someday.*

*We shall live in peace,  
We shall live in peace,  
We shall live in peace, someday.*

*Oh, deep in my heart,  
I do believe,  
We shall overcome, someday.*

*We are not afraid,  
We are not afraid,  
We are not afraid,  
TODAY.*

