

Use of IT Tools in Audits in Australia (Использование Айти Инструментов При Проведении Аудитов в Австралии)

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Australia





G'day from Australia (Приветствие из Австралии)



New South Wales (Н о в ы й Ю ж н ы й У э л ь с)



- 7 million people
- \$350 billion GSP
- 34% of Australia's GDP
- 809,444 sq km

Agenda (С о д е р ж а н и е)

- Background
- Setup
- Special Usage
- Benefits
- Lessons Learnt
- The Future





Background – Office (Общая Информация – О Нас)

- About 300 staff
- Financial Audit over 450 entities per year
- Performance Audit around 12 topics per year





Background – IT Tools

(Общая Информация – Айти Инструменты)

- Use IT Tools that assist with CAATs
- Computer Assisted Audit Technique(s):
“Applications of auditing procedures using the computer as an audit tool” (IAASB Glossary)
- My office is the largest user of the CAATs tool Audit Command Language (ACL) in Australasia
- Team of 5 “hand-picked” IS auditors for developing CAATs (“techies”)
- 40 financial audit “champions” to run CAATs



Saint Jean Baptiste church, Bastia, Corsica, France



Municipal дума, Rostov on Don, Russia



Collegiate church, Quedlinburg, Saxony-Anhalt, Germany



Sydney Harbour Bridge and Opera House, NSW, Australia

Setup – Past

(Организация Айти

Процессов – Прошлые)



Unsecured Environment with Heavy
Traffic and Duplicate Data

Manager

- Difficult to review results and ensure consistency

Users

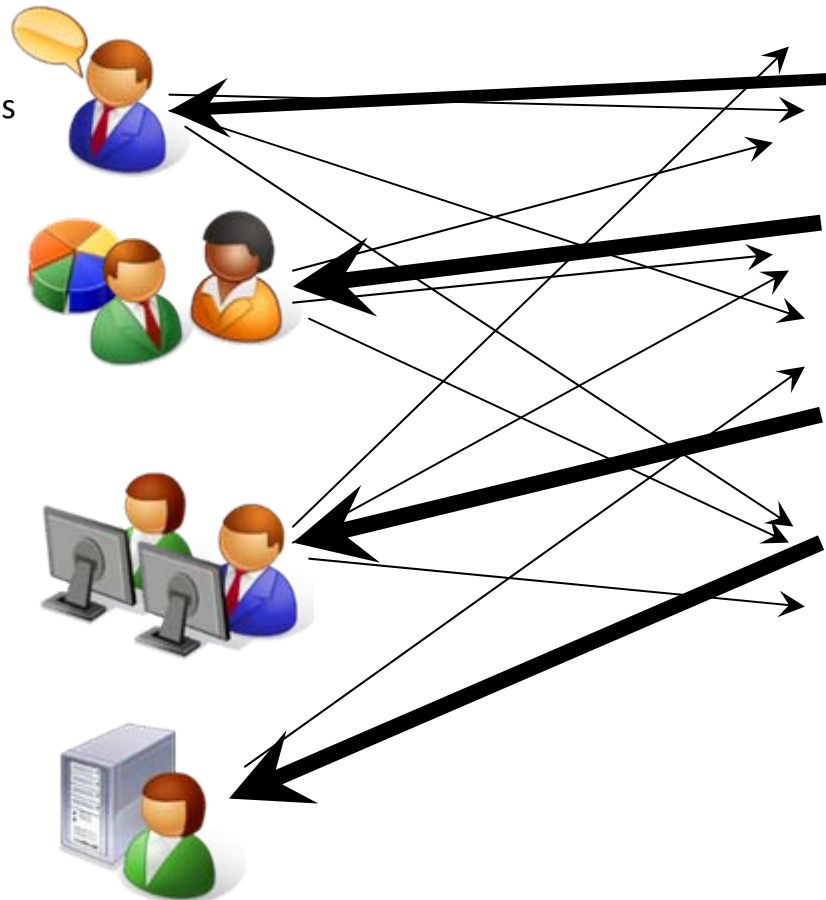
- Ad-hoc analysis
- Decentralised testing
- Lack of standardisation

IS Auditors

- Challenging technical environment

IT

- Security concerns



Setup – Solution

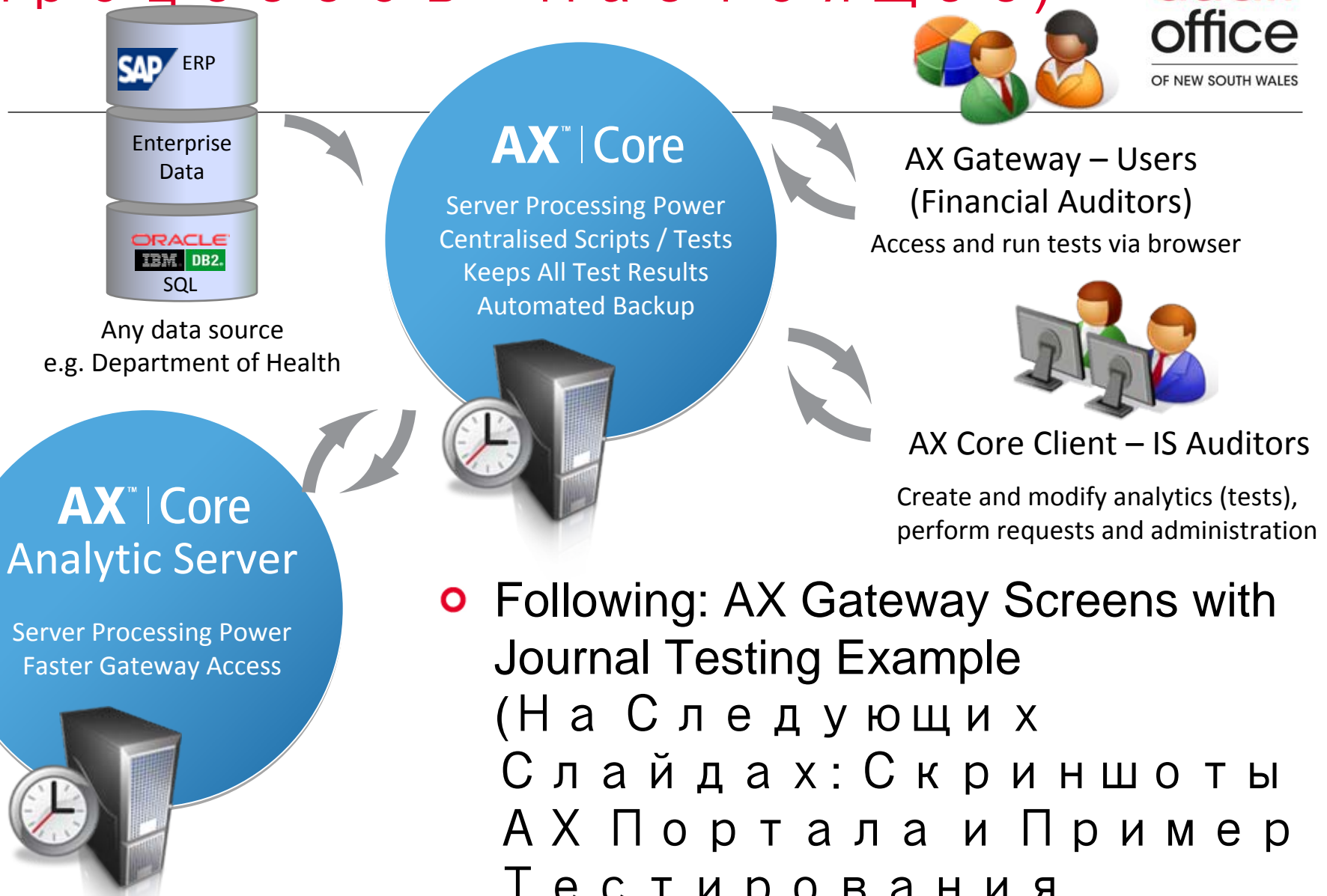
(Организация Айти
Процессов – Решение)

- ACL Analytics Exchange (AX) server software
- Data stored on server
- A standard set of tests for different accounts
- Users restricted to running tests
- Centralised test creation by “techies”



Setup – Now

(Организация Айти Процессов – Настоящее)

















AX™ | Gateway

Financial Auditor logs on with Windows Username and Password

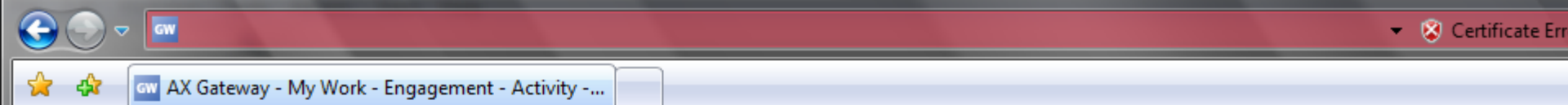
is optimized for:
pixels
and
.x.x

AX Gateway

My Work

| | | | |
|---|---|-------------------------------------|------------------|
|  | 1445 Worker Compensation Commission - SUN Journals T... | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/23/10 11:42 AM |
|  | 0985 Landcom - Sun Journals Testing - Tailored | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/23/10 3:42 PM |
|  | OPC | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/24/10 12:02 PM |
|  | 1418 Crown Leaseholds Entity - SAP Journals Testing - Int... | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 7/2/10 11:24 AM |
|  | 1123 Land and Property Management Authority - SAP Jou | | |
|  | 0348 NSW Treasury Corporation - JDE Journals Testing - T... | | |
|  | Training 26 - Manuel Moncada | | |
|  | 0363 Office of the Protective Commissioner - Journals Tes | | |
|  | Sampling - Excel | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 7/12/10 11:01 AM |
|  | 0203 NSW Land and Housing Corporation - R&M Samplin... | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 7/12/10 11:02 AM |
|  | 1322 North Sydney Central Coast AHS - Exp Sampling Int... | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 7/12/10 2:01 PM |
|  | 0679 NSW Ambulance Service - Sun Journals Testing - Tai... | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 7/13/10 10:04 AM |
|  | 1005 Country Energy - PeopleSoft Journals Testing - Tailor... | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 7/13/10 3:26 PM |
|  | 0342 RTA - SAP Manual Journals Testing - Interim 2010 - ... | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 7/14/10 11:16 AM |

Financial Auditor chooses the client they are testing



AX Gateway

Recent Work

Training 00 - Demo

Journals With Issues

Files

Analytics

Data

| Name | Last Modified By | Last Modified |
|---|-------------------------------------|-----------------|
|  Journals | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/18/10 1:06 PM |
|  Work_file | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/18/10 1:07 PM |

Financial Auditor loads data supplied by the client "Journals" and converts into a "Work_file" that can be read by our standard tests

Results

AX Gateway














Recent Work

Training 00 - Demo

Journals With Issues

Files

Analytics

| Name | Last Modified By | Last Modified |
|--|-------------------------------------|-----------------|
|  J01_Journal Testing Import | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J02A_Create_Data_by_Journal_USER | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J02_Work with ALL Data | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03A_Accounts_with_Few_Entries | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03B_Entries_Xtimes_away_from_median | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03C_Entries_from_Low_Usage_Users | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03D_List_of_All_Users | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03E_Entries_Few_Days_Before_Period_End | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03F_Entries_Few_Days_After_Period_End | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03G_Entries_With_Blank_or_Short_Description | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03H_Entries_With_Integrity_Issues | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03I_Unusual_Characteristics | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
|  J03J_Reoccurring_Ending_Digits | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |

Financial Auditor chooses the test they would like to run

Data

Results

AX Gateway

J03I_Unusual_Characteristics

Description Details

This script will list all entries that have one of the following unusual characteristics: Posted on weekends, Posted on public holidays, More than "x" days between posting and effective date, Posted after normal working hours

Close

Recent Work

Training 00 - Demo

New Set
 Existing Set

Journals With Issues

Files

Number of days*

Hour Start*

Hour End*

Financial Auditor enters parameters for the particular test

| | | |
|--|-------------------------------------|-----------------|
| J03B_Entries_Xtimes_away_from_median | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
| J03C_Entries_from_Low_Usage_Users | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
| J03D_List_of_All_Users | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
| J03E_Entries_Few_Days_Before_Period_End | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
| J03F_Entries_Few_Days_After_Period_End | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
| J03G_Entries_With_Blank_or_Short_Description | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
| J03H_Entries_With_Integrity_Issues | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
| J03I_Unusual_Characteristics | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |
| J03J_Reoccurring_Ending_Digits | Brett Chaiyawat (AUDITNSW\bchaiyaw) | 6/16/10 9:52 AM |

Data
 Results

Unusual_characteristics.xls [Compatibility Mode] - Microsoft Excel

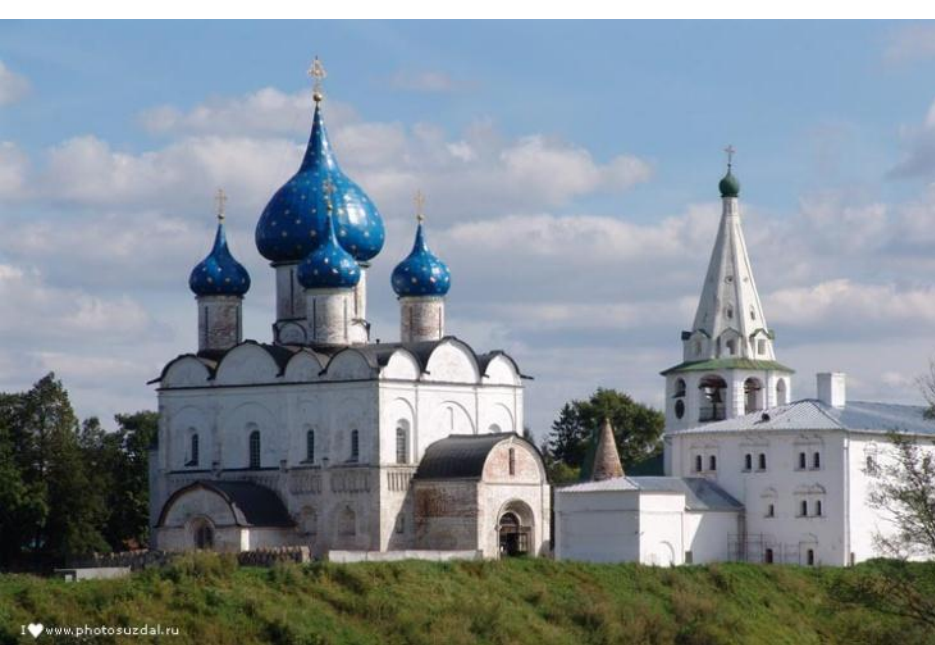
File Home Insert Page Layout Formulas Data Review View ACL Acerno STARWizard Design

A1 fx 'JNL_

| | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|-------|---------|---------|--------|------------|--------|------------|-------------|----------|-----|-------------|---------|------------------------------|
| 1 | JNL | POSTE | APPROV | ACC | POST | P TIME | EFFEC | DESC1 | JNL / | DOW | HOLIDAY | DIF_POS | UNUSUAL TIME |
| 2 | 16906 | NIRMALA | RMCKEON | 260200 | 01/04/2010 | 210200 | 03/04/2010 | Current Per | 2050.18 | Thu | | | 2 Later than normal end time |
| 3 | 16906 | NIRMALA | RMCKEON | 654775 | 01/04/2010 | 210200 | 03/04/2010 | Depreciat | -2050.18 | Thu | | | 2 Later than normal end time |
| 4 | 16907 | NIRMALA | RMCKEON | 260200 | 02/04/2010 | 103422 | 03/04/2010 | Current Per | 17382.7 | Fri | Good Friday | | 1 Normal |
| 5 | 16907 | NIRMALA | RMCKEON | 654775 | 02/04/2010 | 103422 | 03/04/2010 | Depreciat | -17382.7 | Fri | Good Friday | | 1 Normal |
| 6 | 16931 | MBROWN | RMCKEON | 194300 | 10/04/2010 | 173256 | 30/04/2010 | NSC MANA | 40 | Sat | | | 20 Normal |
| 7 | 16931 | MBROWN | RMCKEON | 830640 | 10/04/2010 | 173206 | 30/04/2010 | Intercompe | -40 | Sat | | | 20 Normal |
| 8 | 16997 | NIRMALA | RMCKEON | 260200 | 21/09/2010 | 173421 | 30/06/2010 | Current Per | 171.35 | Thu | | | 83 Normal |
| 9 | 16997 | NIRMALA | RMCKEON | 654775 | 21/09/2010 | 173421 | 30/06/2010 | Depreciat | -171.35 | Thu | | | 83 Normal |

Sample Excel result file

Unusual characteristics



Suzdal Kremlin, Vladimir Region, Russia



Hofvijver, The Hague, Netherlands



Hemisferic, Valencian Autonomous Community, Spain



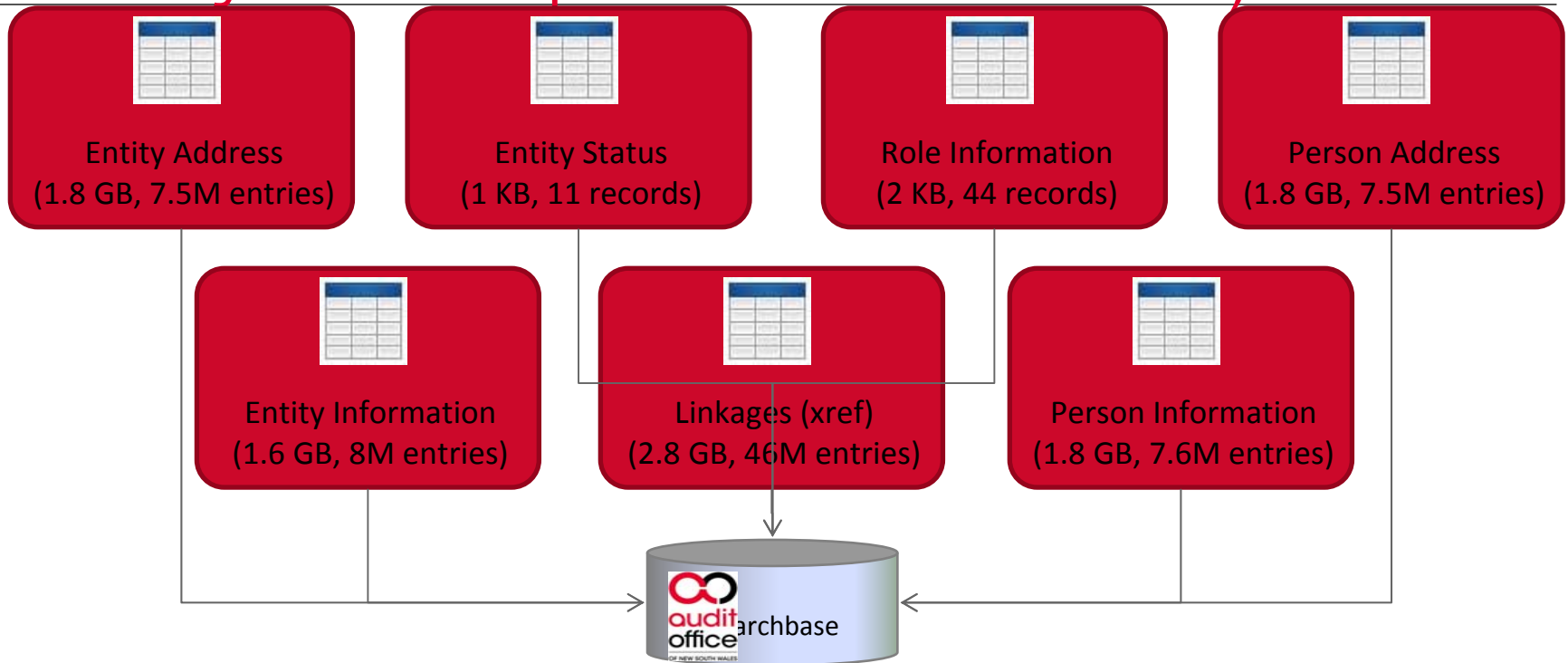
Stockalper Palace, Valais, Switzerland

Special Usage (Примеры применения)

- Related parties / fraud testing
- Obtained data from ASIC (Company Regulator)
- Lists all people with a role at a company
- Use this data to perform matching



Special Usage - ASIC (Company Regulator)
 Data Setup (Использование на примере Государственного Регулятора Компаний)

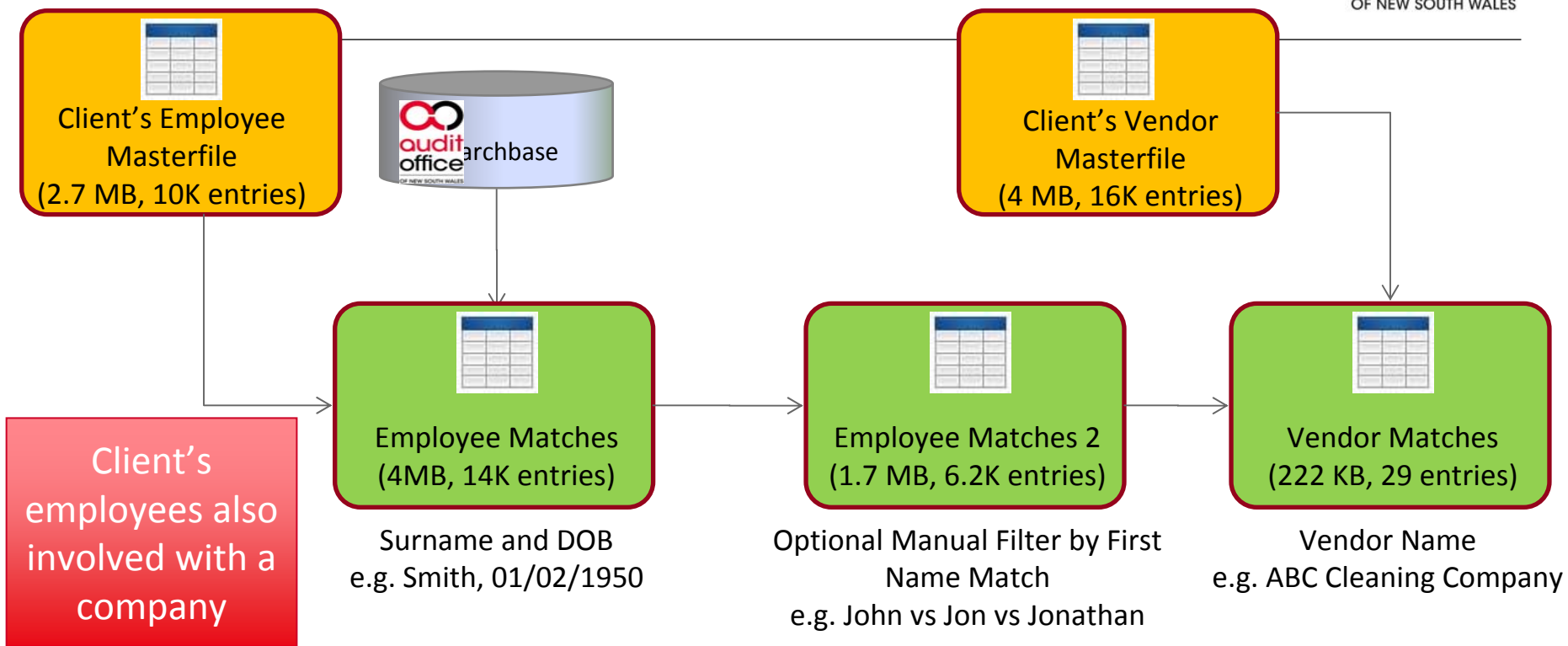


Processing Time (40 GB, 46M entries)

| Step | Laptop | AX Server |
|-------------------|-----------|-----------|
| Create Searchbase | 245 hours | 35 hours |



Example Usage – Testing (Пример Исползования – Тестирование)



Processing Time

| Step | Laptop | AX Server |
|------------------|-------------|------------|
| Employee Matches | 180 minutes | 70 minutes |
| Vendor Matches | 450 seconds | 4 seconds |

Exceptions to test for fraud / related parties



Bogolyubovo Convent, Vladimir Region, Russia



Swiss Federal Institute of Technology, Zurich, Switzerland



Carcassonne, Languedoc-Roussillon, France



Hallstatt, Salzkammergut, Upper Austria, Austria



Benefits (Преимущества)

CAATs Run

| Period | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------|------|------|------|------|------|
| 30 June | 9 | 33 | 130 | 310 | 420 |

- Data secured on a server
- Central QA, IP, history and processing
- Standard approach across all audits
- Common tests for most areas
- More time spent analysing results



Lessons Learnt (Основные Итоги)

- Create a senior management champion
- Involve IT early
- Ensure security of data
- Engage users and demonstrate benefits
- Beware required script/test amendments



The Future (Б у д у щ е е)

- More AX Gateway licenses
- Address more account areas e.g. fixed assets
- Share tests with other Audit Offices
- Use tests throughout the audit process
- Perform more non-financial data analysis



Case Study & Questions

(Практический
Примеры Вопросы)

- ACL Case Study:
http://www.acl.com/pdfs/Case_Study_AO_NSW.pdf
- Peter Achterstraat
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peter.achterstraat@audit.nsw.gov.au