Auditing Standards – The Technology Way

31st Regional Conference of WIRC

December 10, 2016

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Google Map

NYKA
ADVISORY SERVICES

Technology as an Enabler

Peak into 2020

Audit and Standards

DISCLAIMER:

You all are excellent auditors and perform excellent and diligent audits. The presentation is intended to expose you to the benefits and impact that technology has on the process of audit and the impact on technology itself on account of how the users and system administrators interact with the system. There are several ways in which you can achieve the same objective and hence this is not the only way. In case of any error or difference of opinion kindly do inform me of the same. You should seek guidance and advise from your technology team members before implementing any of these solutions.

Quick Survey – 5 Questions

- Your clients DO NOT use technology for accounting

- Your client uses an ERP for financial accounting

- Your client uses an ERP / Payroll System / Attendance System / Tax System / CRM system

- Your team has a good grasp of Technology

- You currently use analytics to audit data

- True – Raise of Hand
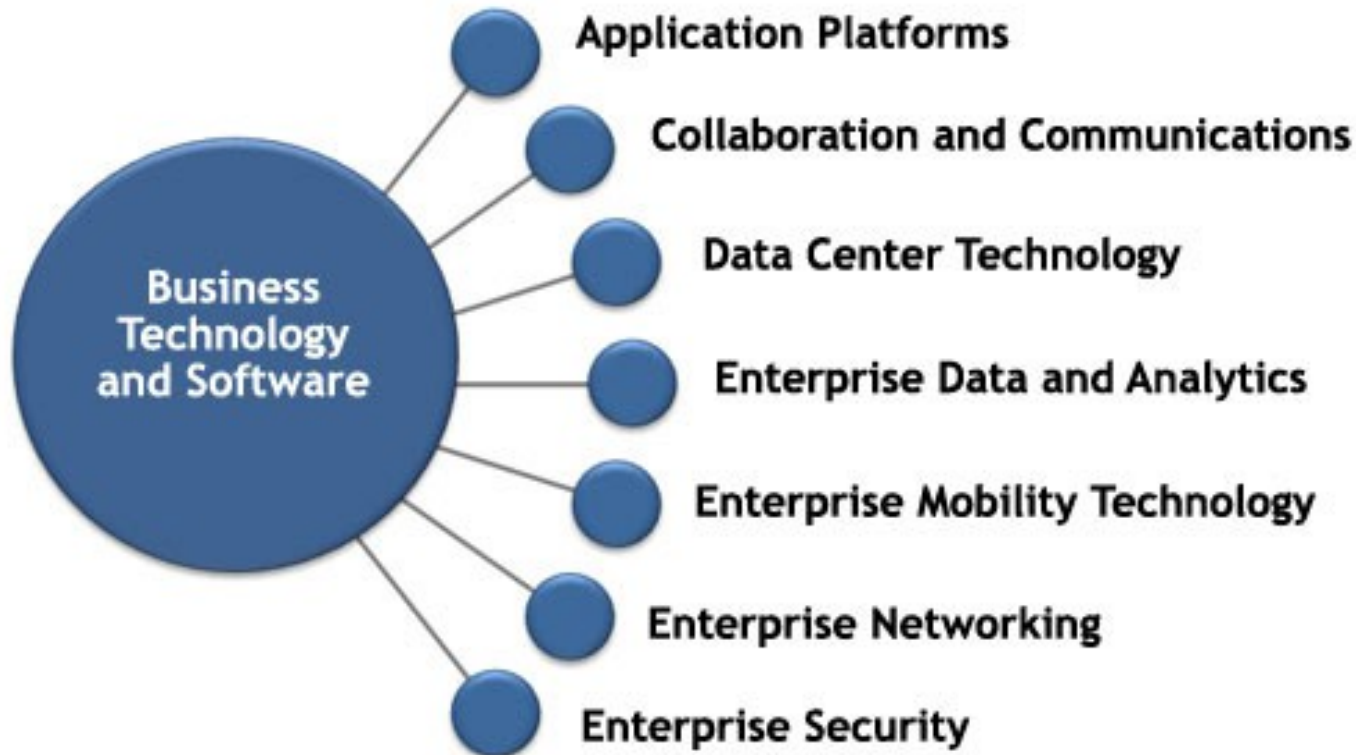
- False – No Action Required

Audit and Standards

- Financial Audits

- Assurance Engagements Other than Audit

- Related Services

- SA 315 – Identifying & assessing risks of material misstatements through understanding the entity and its environment

- SA 330 – Auditors Response to Assessed Risks

- SA 520 – Analytical Procedures

- SA 230 – Audit Documentation

- Guidance Note on reporting of internal controls over financial reporting

Efficient for Client and Auditors

Increase level of confidence

Technology as an Enabler

Technology as an Enabler

Audit Approach

Audit Around the computer
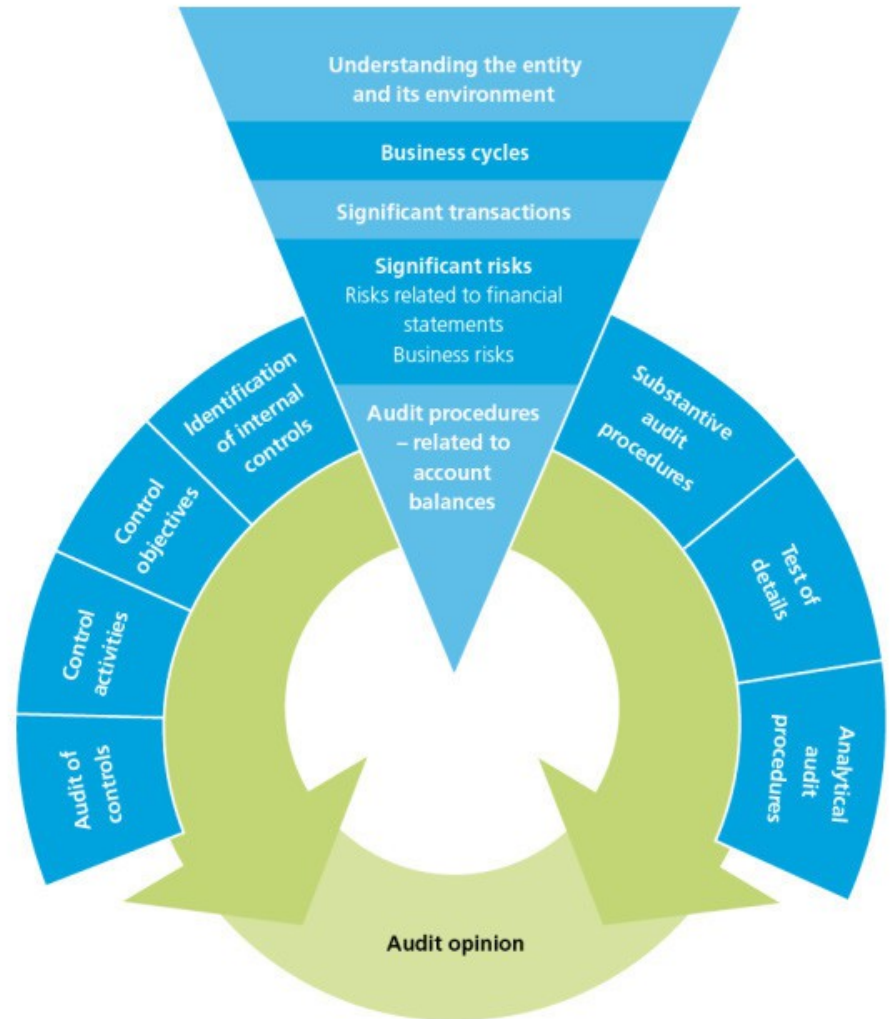
- Significant reliance on Substantive approach
- Extensive vouching
- Effort intensive
- Major reliance on manual controls
- Non identification of control weaknesses

Audit Through the computer

- Supports Risk based approach
- Efficient as greater reliance on automated controls
- Useful when no transaction trail is available

Technology Controls
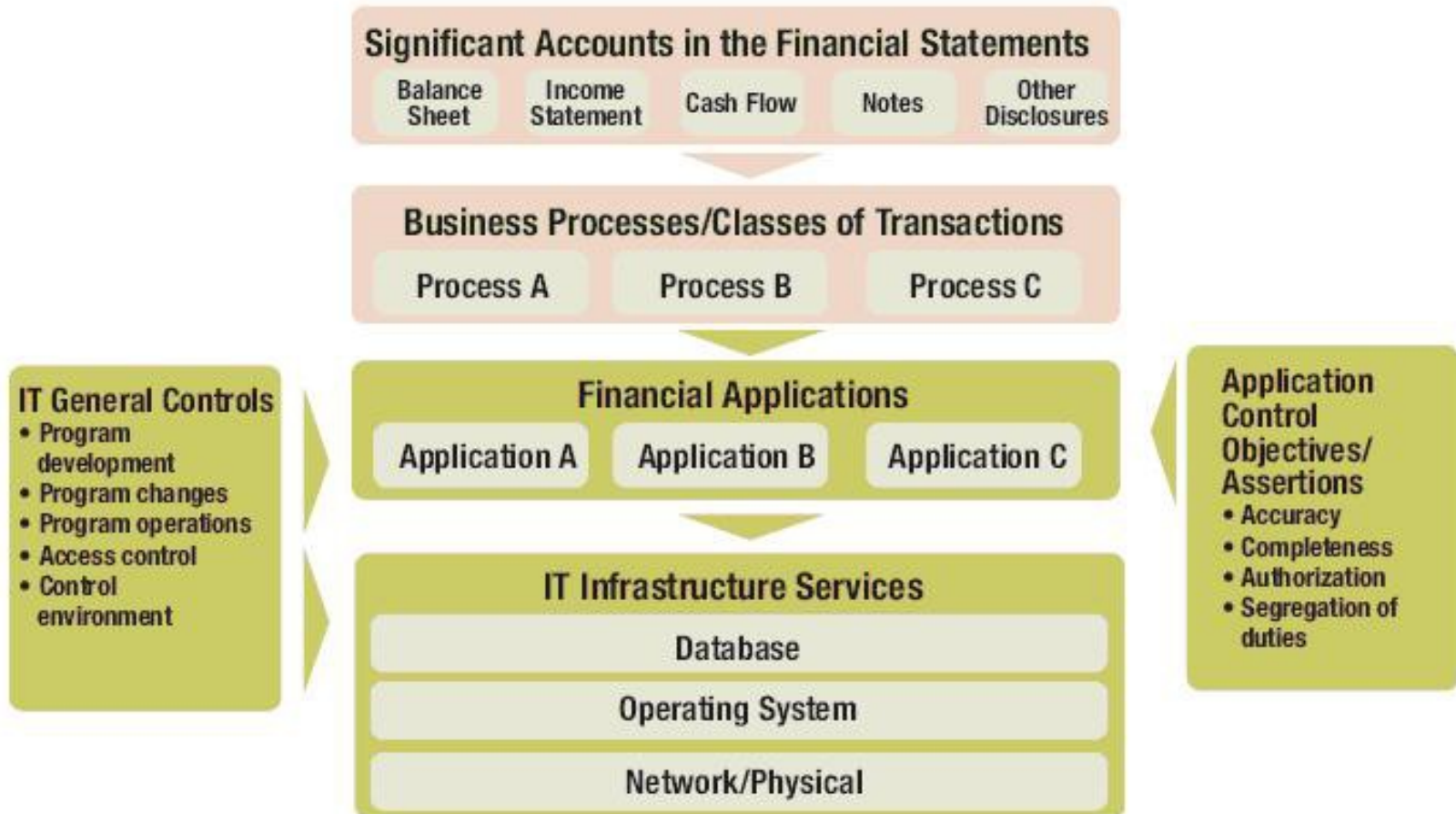
Application / Business Controls

Power of Analytics

Reliable

| Automated detective controls | Automated preventive controls |
| Manual detective controls | Manual preventive controls |

Economic value
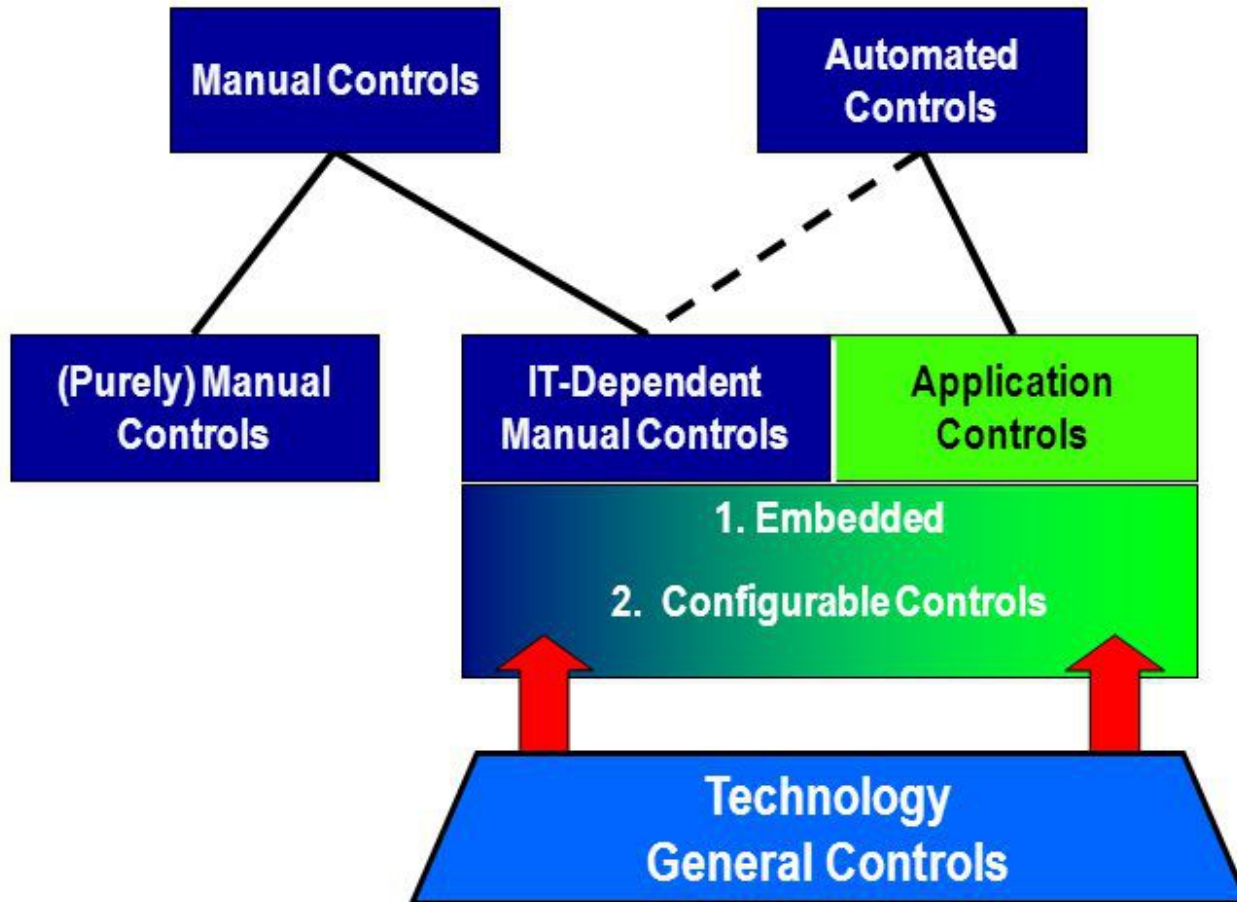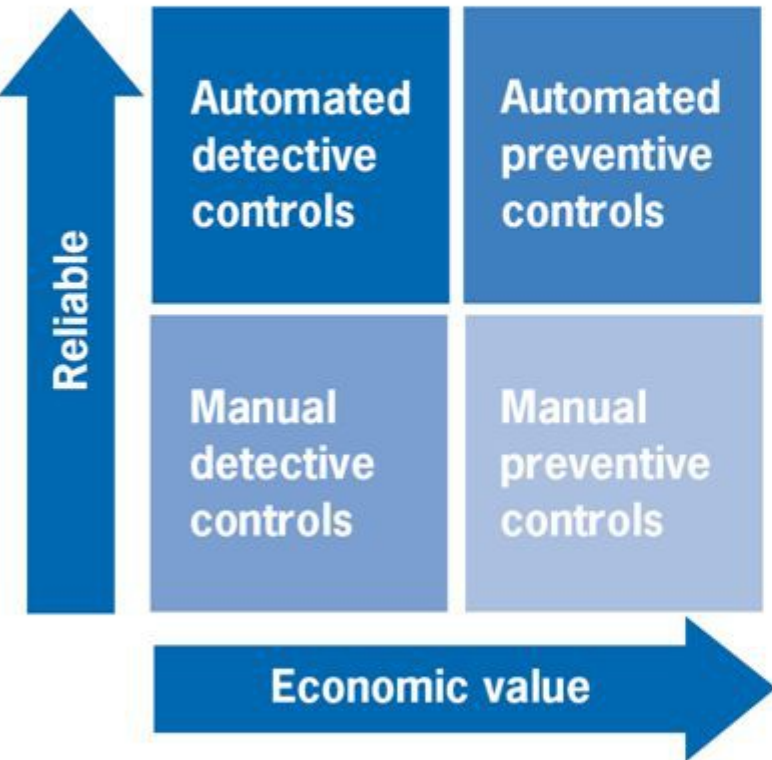
Challenges
Data Security
Data Quality
Team Capability

Survey Findings – Analytics

- 72% - A will play a key role in detection and prevention of fraud

- 81% - A are important to improving quantification of issues

- 85% A are important to strengthen coverage

- 74% A are important to gaining an understanding of risks

- 71% would like to use A but do not know how

Auditors Tools

Planning and Scoping

- AutoAudit
- TeamMate
- Pentana
- Galileo
- Spreadsheet Compliance
- ExChecker
- Cluster Seven
- TRIA

Execution

- TRIA
- Oversight
- ACL CCM
- FirstStrike
- IDEA
- ACL
- Virsa
- BizRights
- ACTIVE Governance
- PCI Sentinel
- Spreadsheet Compliance
- ExChecker
- Cluster Seven
- Global Best Practices
- AutoAudit
- TeamMate
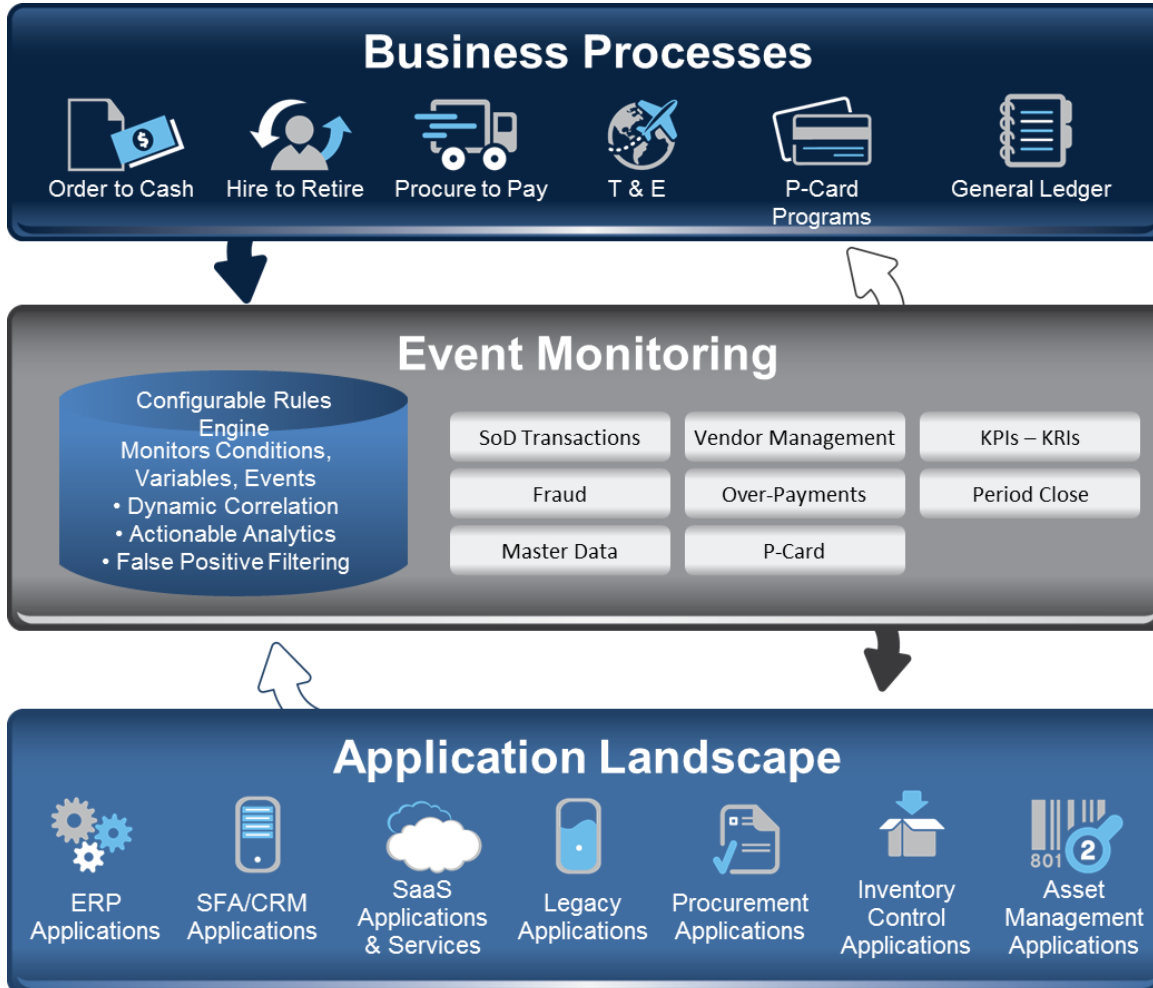- Pentana
- Galileo

Reporting

- Excel
- Crystal Reports
- Empower
- Visual Mining
- Spreadsheet Compliance
- ExChecker
- Cluster Seven
- Global Best Practices
- AutoAudit
- TeamMate
- Pentana
- Galileo
- TRIA

SPSS / SAS / R
Tableau / Spotfire / Qlik View / D3
Hadoop
Python
SQL

Technology 2020

Audit 2020 – Online-Real-Time

1. Significant Dependence on Technology due to complete Process Automation – Artificial Intelligence

2. Complete Integration - Transactions will be captured at the source

3. Robotic Process Automation – 95% will be rule based with no employee intervention

4. Exceptions will be handled by humans

5. Transaction Volume and Data is will continue to explode

Audit 2020 – Its coming

Destination ... you have arrived

- Invaluable Audit team will combine

    - Power of Technology and

    - Knowledge of Accounting and Auditing

- Understand and Adopt Technology as a tool

- Collaborate - Accountants ...... Technologist

    " Accountants will need to develop new skillset and new mindset to deal with the velocity of change that business will experience due to changes in economy, regulation and business models "

End of Presentation

Thank You