The Journey to Continuous Auditing: Where are We?

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It’s a Journey
Think in Terms of **People & Process** – its Not just Technology
Audit Analytic Capability Model

- **Ad hoc**
  - **Level 1**: Basic
  - **Level 2**: Applied
  - **Level 3**: Managed
  - **Level 4**: Continuous
  - **Level 5**: Monitoring

- **Repetitive**
  - **Foresight**
  - **Insight**
  - **Hindsight**

- **Continuous**

**Sophistication**

**Audit Contribution**
ACL Internal Audit Survey - 2011

- Survey questions on audit process and technology usage
- Responses from 500+ audit and compliance professionals
- North America and EMEA
- CAE’s, VP’s, Audit Managers, Auditors and Analysts
Audit Analytic Capability Model

Survey responses: Level of current audit analytics usage

Ad Hoc 67%
Automated Repeable 22%
Continuous 11%
Audit Analytic Capability Model

Survey responses: Highest level of desired audit analytics usage

- **Level 1 Basic**: 0%
- **Level 2 Applied**: 0%
- **Level 3 Managed**: 3%
- **Level 4 Continuous**: 30%
- **Level 5 Monitoring**: 67%

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Foresight

Insight

Hindsight

Sophistication
ACL Internal Audit Survey

What audit-related areas are you seeking to improve through the use of data analysis technology?

- Fraud Detection 83%
- Controls Assurance 81%
- Regulatory & Compliance 61%
- Financial Reporting Accuracy 55%
- SOD 29%
- SOX 28%
- FCPA compliance 15%
ACL Internal Audit Survey

What are the business process areas of highest priority for improved audit analytic coverage?

- AP / Purchase to Pay 64 / 42%
- General Ledger 53%
- Payroll 50%
- AR / Revenue Assurance 42 / 37%
- Inventory 37%
- Travel & Entertainment 35%
- Fixed Assets 31%
- PCard 28%
ACL Internal Audit Survey

Primary practical barriers to implementation of audit analytics

- Lack of technical expertise: 65%
- Lack of appropriate automated analytic tests: 52%
- Data access and availability: 47%
- Lack of budgets: 34%
- ……………………
Progress in Continuous Auditing

- Perceived value of Continuous Auditing techniques among audit and compliance professionals remains strong
- Increasing view that ideal objective is Continuous Monitoring by the business
- People, Process and Technology barriers remain challenging
Progress in Continuous Auditing

How to overcome the barriers?

- Success stories – prove the value – spread the word
- Get senior management support (CFO, CAE, CRO) – budgets and resources
- Education – how to get there
- Develop a plan – assign responsibilities – measure progress
- Direction from the professions – standards
  - Standard Audit Data Model
  - Standard Audit Applications
- ACL Product Roadmap
Resources: IIA

IIA Global Technology Audit Guide #16: Data Analysis Technologies
http://www.theiia.org/guidance/technology/gtag3/

IIA Global Technology Audit Guide #3: Continuous Auditing: Implications for Assurance, Monitoring and Risk Assessment
http://www.theiia.org/guidance/technology/gtag3/
Resources: ACL

The ACL Audit Analytic Capability Model:
Navigating the journey from basic data analysis to continuous monitoring

Download White Paper: www.acl.com/model

ACL FCPA eBook available at: www.acl.com/FCPA