

DATA ANALYTICS – A WAY TO KNOW YOUR NEURAL SYSTEM

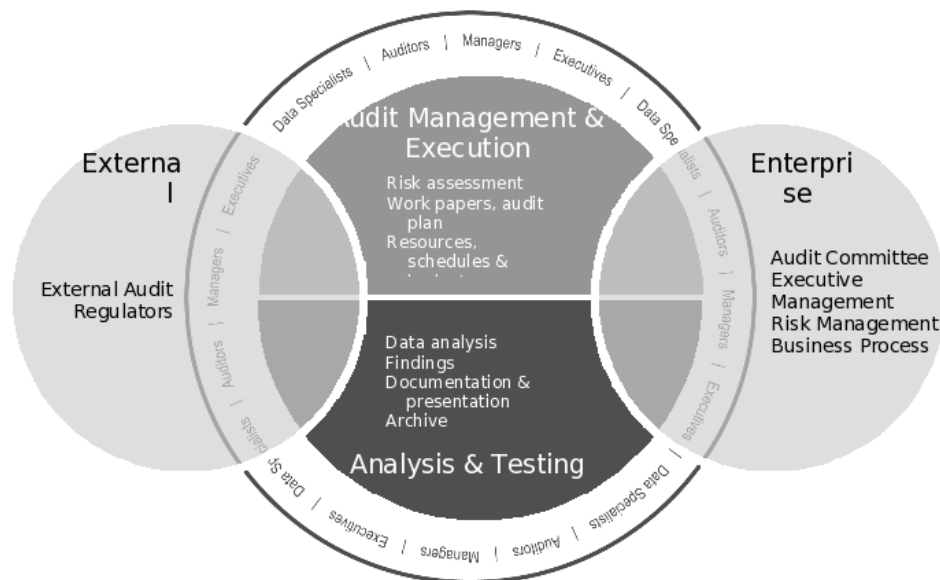
AUDITime Information Systems (I) Ltd

Abstract: Organizations are continually exposed to error, fraud, and inefficiencies that can lead to increased risk and financial loss. Moreover, an evolving regulatory environment, increased globalization, market pressure to improve operations, and rapidly changing business conditions require that organizations ensure that internal controls are effective and that risk is being properly mitigated. Leading organizations have turned to the continuous auditing and monitoring of financial transactions as a way to ensure that policies and procedures are followed and the business is operating as intended. This paper explores the challenges, experience of ACL and AUDITime, continuous control monitoring, data migration auditing, forensic analytics and managed data analytics (MDA)

1. Introduction

Organizations are continually exposed to error, fraud, and inefficiencies that can lead to increased risk and financial loss. Moreover, an evolving regulatory environment, increased globalization, market pressure to improve operations, and rapidly changing business conditions require that organizations ensure that internal controls are effective and that risk is being properly mitigated. Leading organizations have turned to the continuous auditing and monitoring of financial transactions as a way to ensure that policies and procedures are followed and the business is operating as intended.

A Demanding Mandate



Audit has a truly demanding mandate: to deliver objective and independent assurance about activities across the business and provide valuable insights about improving operational performance.

With the focus on Analysis and Testing, audit needs to analyze and test relevant data to generate insights about business activities, to document accurate findings and conclusions and to **communicate them to the organization** via professional reports.

In large, complex businesses, **there are a range of sources** where transactional data resides and there are **increasing volumes of data** to be tested. Internal audit **requires the ability to get to all pertinent data** regardless of source or size and **perform analysis** that is relevant to their audit objectives, **generate findings and document them**. These necessities require a **purpose-built technology**.

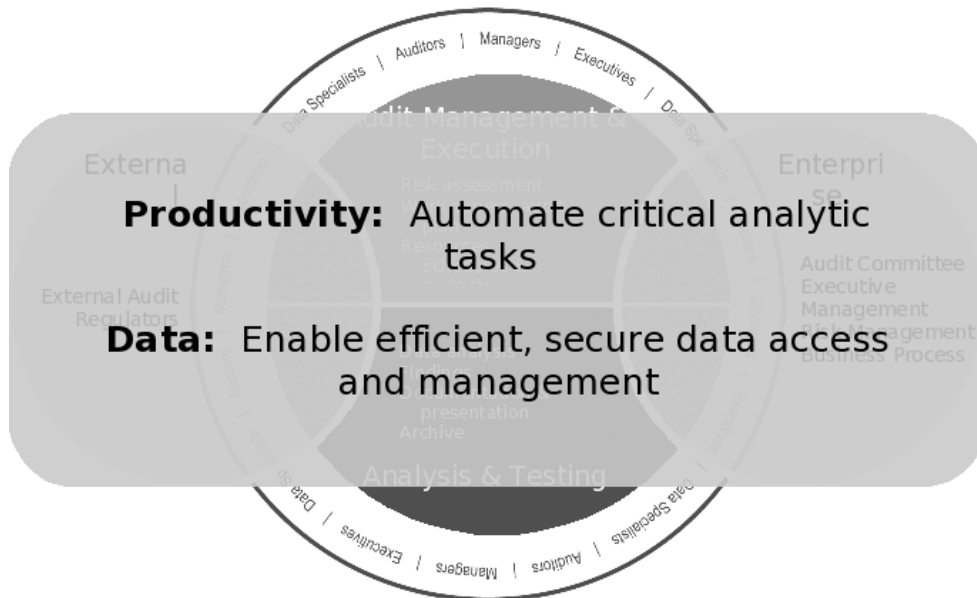
Additionally, The audit team itself has a range of players with **different roles and responsibilities**. Part of the challenge in running a top performing audit department is the effective use of its diverse audit skill sets and **sharing of information** amongst fellow team members.

And As a part of any enterprise with many stakeholders, internal audit must **communicates their findings and conclusions with various audiences** within the business who need to see what information audit has generated.

2. Challenges

Internal audit teams are faced with some daunting challenges: pinpointing risk "hot spots" and assessing the degree of exposure; providing ongoing assurance of the effectiveness of internal controls; and timely identification of non-compliance with regulations and policies. And in an environment of increased scrutiny, competing priorities, and limited skilled resources, meeting these challenges is becoming harder and harder.

Fulfilling the Mandate



To fulfill on the audit mandate, we know that organizations need to address 3 key areas: PRODUCTIVITY, DATA ACCESS, and PEOPLE

Productivity: Audit needs to increase their overall productivity by automating critical analytic tasks. To fulfill the audit mandate efficiently, audit leaders need to find more efficient ways to perform audit tasks and create repeatable processes.

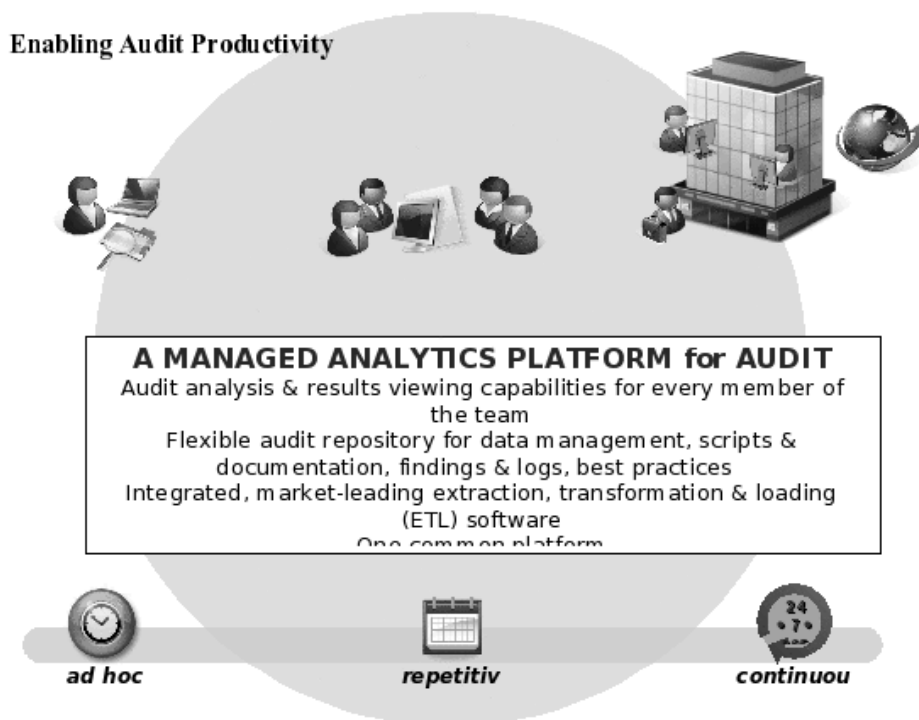
Enable efficient, secure data access and management – You've got to get to the **multitude of formats and data sources** in the enterprise in a **timely and secure manner**. Often, there is a complex infrastructure in place and stringent IT protocols which slow down the speed with which audit receives and audits data. In addition, the **team has to understand what data sources they need** to execute their audit objectives and **how to use it once received**. There are data sources that need to be used time and time again and the challenge is creating a repeatable process to get to this data efficiently when required. Managing the **use and re-use of data for audit projects is key**.

People - Every member of the audit team has different strengths and **audit leaders need to find a way to capitalize on the strengths of each team member to produce more quality and consistent audits**. Collectively, audit departments will deliver more insights and increased assurance to the organization through the expanded use of analytics across the whole team, managed and executed from a centralized and managed platform.

3. ACL Solutions

ACL solutions allow organizations to determine the effectiveness of key controls by analyzing financial transactions continuously and independently. Advantages include timely insight into control problems; early discovery and reporting of fraud, errors, and inefficiencies; and effective identification of risk areas. ACL solutions reduce the audit time and effort spent on controls testing resulting in a more efficient and sustainable compliance process. By embedding audit best practices into an organization's business processes, operational performance gains and increased profitability are attained through correcting control deficiencies, plugging revenue leaks, and improving cost management.

- Improve your team’s productivity by analyzing data more quickly and efficiently with point and click pre-programmed audit commands, accessing any data type directly from one or multiple systems independent from your IT department, allowing multiple auditors to work on the same project, and automating frequently-used audit tests;
- Conduct more comprehensive audits by analyzing 100% of the transactional data regardless of size, volume, or type; comparing data across disparate systems; and providing audit effective oversight of the “full picture”;
- Support regulatory compliance and improve operational efficiencies by detecting instances of fraud, errors, anomalies; identifying gaps in policies and procedures that may lead to control violations, and providing a “body evidence” to support decision making



Our solution for the Analytic Spectrum for Audit is ACL AuditExchange 2009. It is a **managed analytics platform** built to provide **value to every member of the audit department**.

AuditExchange is a **departmental solution** that scales to the needs and size of the audit department and addresses the analysis requirements of each team member from ad-hoc to repetitive to continuous.

With AuditExchange, every member of the audit team can access all the data sources they need including access to very specialized formats. This helps them **improve their audit coverage** of areas previously difficult to audit so they can **uncover more valuable findings** and deliver independent and objective assurance about the activities of the business. **(To know more on Audit Exchange please read our section on ACL Technology)**

4. AUDITime Solution:

AUDITime with its rich and defined experience in the areas of Continuous Auditing / Monitoring provides

a. Continuous Control Monitoring Mechanism

For effective control monitoring mechanism building, we provide vision, roadmap, and partnering relationship with you to build it, walk with you to operate it and transfer it to you for enduring benefits.

b. Data Migration Audit

We provide total assurance on (100%) on data migration verification. Migration inaccuracy or incompleteness has proved one of the major catastrophes in terms of operational efficiencies, goodwill and financial loss.

c. Forensic Analytics

When you are hit with fraudulent attacks may be known or suspected, we provide extensive support to unearth the fraud.

d. Managed Data Analytics (MDA) through onsite or offsite services

You can trust your total analysis function, without adding to your infrastructure by assigning it to AUDITime. We manage your sensitive process through our knowledge management.

5. References

www.acl.com

www.auditimeindia.com

www.pentana.com

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