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LA FORCE DE LA COLLABORATION
THE POWER OF COLLABORATION

June 12-14 juin

Using Data Analytics in Audits

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Continuous Auditing Program

- Concept
 - Effective way to test controls on a continuous basis using specialized software
 - Use statistical sampling to audit large populations
 - Use results of audit work on samples
 - Analyze error rates over a period of time and determine if controls are adequate
 - Identify trends in results of audit work



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Continuous Auditing Program (cont'd)

- Implementation:
 - Risk assessment to identify areas to evaluate controls and transactions within processes
 - Acquisition of software to extract the data
 - Properly trained and qualified resources (IT background, plus continuous training)
 - Knowledge of internal sources of information or access to internal expertise on system and database (understand the data, the population)



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Continuous Auditing Program (cont'd)

- Implementation (cont'd):
 - Knowledge on statistical sampling techniques and analytics to interpret the results. Sampling or complete population, analysis of trends before digging into specific transactions
 - Establish a process to plan mandate, document and communicate results
 - Establish recommendations follow-up, more follow-up than a regular audit because based on correction of transactions in the operations.



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Continuous Auditing Program (cont'd)

- Benefits
 - Can use it as an audit base of evidence
 - Covers entire population
 - Test controls over a period of time, or on a regular basis
 - Direct follow-up of implementation
 - Can result in implementing baseline to measure or compare operations, KPI
 - Monitoring process brings awareness on a continuous basis



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McGill University Program

- Program:
 1. Procurement Card (PCard) transactions
 2. Expense Reports
 3. Payroll Onetime Payment System (POPS) payments
 4. Disbursements
 5. Receipts



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McGill University Program

- Conclusion:
 - Continuous Audit programs are an important function of the Internal Audit department
 - Results from programs provide useful and timely information to be used in Institutional risk assessment
 - Techniques developed in Continuous Audit programs are integrated into Field Audits
 - Programs are dynamic and will continue to evolve and adjust



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McGill University Program

- Lessons learned:
 - Time consuming vs audit resources
 - Recurring recommendations vs implementation
 - Program was transferred to research compliance function



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Concordia University Audit Mandate

- Data extraction and analytics as part of every audit mandate
- Ad hoc request from management (Purchasing)
- Part of the strategic plan of Internal Audit Department: “Maximized audit testing coverage and repeatability”.
- Strategy to open up discussion with management and bring awareness



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Concordia University Audit Mandate (cont'd)

- Specific mandate:
 - Employee existence
 - Expenses (specific account or expense report)
 - Employee-vendor
 - Vendor management
- Other experience
 - Double payment, Ticketing, Fictitious employees, Process mapping, Fraud investigation.



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Western University Experience

- Where we rank now:
 - People → Limited Skillset
 - Process → Dedicated Program.
 - Inconsistent → Start / stop
 - Technology → Excel, ACL
- Why Data Analytics:
 - Compliance monitoring
 - Analyze trends – evaluate performance
 - Detecting fraud



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Western University Experience (cont'd)

- What we have done:
 - Successes
 - Strike when we can – take advantage of opportunities
 - Challenges : Time



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Western University Experience (cont'd)

- Analytics Projects:
 - High risk vendors by merchant category codes
 - High risk vendors by business name
 - High risk product descriptions
 - Transaction splitting
 - Duplicate transactions in P-card and Travel systems
 - Targeted Tri-Council compliance



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Western University Experience (cont'd)

- Where we are going:
 - People → Improve skillset through training, more consistent use
 - Process → Consistent, Integrate into audits, planning.
 - Tech → Data visualization for reporting analytics results



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Roundtable

- Results of survey.....



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