

Data analytics and IT auditing - separate or corresponding topics?

SAI Norway

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«IT audit» in SAI Norway

- Defining «IT audit» in financial audit
 - IT related risk in *financial* audit (not entirely equivalent to compliance audits)
 - not «just» GITC
 - integrating IT audit and data analytics in financial audit in practice
- Defining a new role as «Financial IT auditor»
 - Who should identify, describe and test ITACs and GITCs?
 - Who should perform audit data analytics?
- Illustrate with an example: one of our audit assignments

Audit considerations relating to an entity using a service organization (ISSAI 2402)

The Norwegian Agency for Public and Financial Management (DFØ)

We provide financial management services to Norwegian government agencies, universities and the courts administration, among others.



Source: www.dfo.no

Audit considerations relating to an entity using a service organization (ISSAI 2402)

Norwegian Government Agency for Financial Management

- Accounting services and payroll services
 - 149 clients
 - 2 clients, only accounting
 - All clients use the same application for accounting
 - Two different applications in use for invoice processing
- Payroll services
 - 25 clients
 - All clients use the same application for payroll

Audit of the serviceprovider (DFØ)

Goals

- Compliance with ISSAI 2402
- Centralized and efficient audit of the service provider
- Centralized communication with the service provider
- More standardized and streamlined audit approach



Our audit approach

- Audit approach changed over time
- At first: focus on test of controls and *some* data analytics
- Now: mostly audit data analytics, less test of controls
 - As a result of GITC
 - Most efficient approach: did-do instead of can-do
- Our deliveries
 - Presentations/reports on the results of audit procedures at the service provider
 - Guidance to auditors on how to use analysis results
 - Suggestions for follow-up procedures

Audit data analytics we perform

Payroll

- Analytical procedures fixed salary
- Budget allocation authority
- Transactions lacking approval
- Segregation of duties
- Master data changes

Invoice processing

- Budget allocation authority
- Transactions lacking approval
- Segregation of duties

Accounting

- Manual journal entries
- Reconciliations

Method

American Institute of Certified Public Accountants (AICPA)

5 steps guide to audit data analytics (ADA)

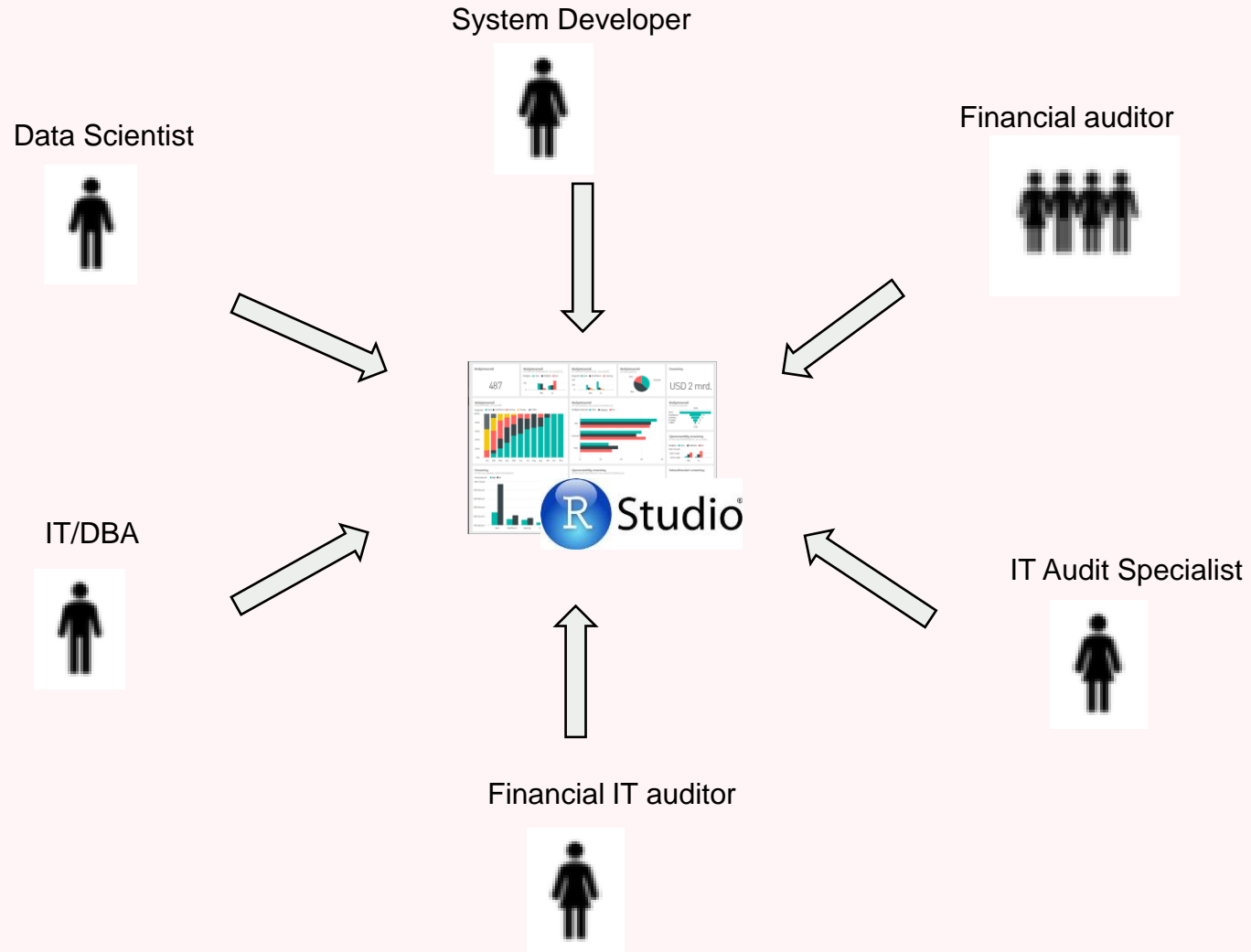
1. Plan the ADA
2. Access and prepare the data for purposes of the ADA
3. Relevance and reliability of the data used
4. Perform the ADA
5. Evaluate the results and conclude



Important steps to succeed

- Thorough understanding of process steps and data model
- Close collaboration between financial auditors, IT auditors, data scientists, system developers and IT personnel
- The whole team needs to understand risk
- Learning new skills requires time and effort

Integrated audit - contributors



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Interdependent topics!

Questions?



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