



# *The use of computers in auditing*

## *Leslie Johnson of the Auditor General's Department of Sierra Leone discusses issues which need to be considered on the introduction of computers*

The use of computers in the Auditing process in Sierra Leone is not as wide-spread as it is in some advanced SAI's. The Supreme Audit Institutions and even most of the private firm of Auditors are only now beginning to realise and recognise the presence and uses of Computers in Auditing. This article discusses some of the consequences of the introduction of Computers in the Auditee agencies, and how far this will influence its use in carrying out Audit work.

In Sierra Leone, the duties and powers of the Auditor General are enshrined in both the Constitution and the Public Budgeting and Accounting Act 1992, with full responsibility for the external audit of all Government Departments Local Authorities and parastatals. The present operations of government have become very complex - Transactions have leaped in quantum throughout the entire Government circle over the years. There is therefore an increasing need for state audit to focus attention on the improvement of fiscal integrity, promoting transparency and Accountability in Government and ensuring efficiency and effectiveness in the use of the very scarce government resources.

To meet these challenges the Auditor General of Sierra Leone is committed to devoting her efforts and resources towards the development and improved competency of her staff. It is in the light of this, and the fact that a Centralised accounting system is now being operated by the Accountant General, that Computers in the Auditing process have tended to become a focus of attention for Auditors.

The effect of this change in outlook has resulted in an increased use of Computers to meet the rapidly expanding Public Sector - Since the Auditor General's Department of Sierra Leone is the Central

Government Agency responsible for Government Auditing and reports to the Agency and to parliament, it has a moral obligation to develop the most efficient system of Auditing. For the entire system to operate effectively we would need to use more computers with an expansion in the level of (IT) information technology. The use of Computers has also assisted in strengthening the exchange of data between Agencies and may give a clearer picture of the entire Financial process.

The Auditor General's Department is obliged to design an audit approach which would enable it to effectively Audit the Computer based accounting system especially as we now have a Centralised accounting system in the Accountant General's Department, which carries out the processing of departmental vouchers and the generation of final Accounts and other ancillary reports.

As Auditors of the Supreme Audit Institutions we would need to move a stage ahead of some of these processes to be able to catch up with the new developments. The Auditing world today is coming to accept the fact that traditional Auditing is not adequate enough to influence Government agencies in particular to Account for Tax payers money. There is therefore a serious move away from the traditional system of Auditing to a more modern and dynamic computer based auditing system.

### ***Status of IT and the extent of computerisation in the Sierra Leone Public Sector setting***

With the Centralised Computerised Accounting System recently established by the Accountant General's Department, designed to process financial transactions for all Government agencies and fully

Government Funded Agencies under the Central and Local Government System; we are obliged to design a new approach to facilitate and create the right kind of atmosphere for proper auditing and reporting. The Centralised Computerised System consists of a General Ledger database from which various reports, financial statements, final Accounts etc are generated.

To a large extent, there has been a fair degree of autonomy in the internal management of most of the departments. This has given rise to a number of departments developing their own *information technology* system to cater for their specific needs. Some local Authorities City Council for example and a few other statutory bodies have developed their own separate Computer Systems. The result of all these is to develop a wide variety of different types of Information Technology used by the various bodies. This might not augur well for future developments in the Computer Systems and would need to be considered before it is too late.

### ***Planning An Audit in a Computerised Environment***

Although at the moment, the Sierra Leone Audit experience has not been specially designed to undertake full scale auditing in a Computerised environment, I will highlight a few points that *should be considered* when a audit exercise is planned. Audits should be geared towards specialised areas such as Computer Security, Systems analysis and development, Systems maintenance procurement policies and procedures; the type and form of EDP agreement/understanding, Information quality and aspects of responsibility. The audit itself should have a very broad character and outlook and to a large extent look into how the introduction of computers will affect Society or members of the Agencies and Institutions involved with this change, particularly at the initial stages. To fall in line with the definition of "Performance Audit of the use of EDP and the Computers" given by Group II of the INTOSAI Standing Committee on EDP, one would want to look at their views and try to extend the Audit scope to cover the extent and viability of the introduction of computers. The views of the INTOSAI standing committee were as follows:

- performance auditing of EDP/IT Systems at different Stages of their Life Cycles;

- performance auditing of the Management of Information Technology IT;
- performance Auditing of the external and Societal effects of the use of Information Technology in Government administration.

These are very pertinent and worthwhile questions which one would need to analyse and give a clearer picture about what ought to and what should not be done. This type of analysis is quite new, particularly as computers have only very recently entered the Sierra Leone scene. It would however be most appropriate for auditors to start considering these questions at this very early stages, even if this only involves discussion. We would need to seriously consider and analyse some of the anticipated consequences of the Introduction of Computers and our role as auditors.

### **What effects are the introduction of computers going to have on the Financial Laws and other Regulations?**

This is one area which is always under discussion - There has been different feelings and views about definitions and interpretation of situations, for example there has always been a controversy between the definition of a register of names, particularly when it comes to interpreting a list of names or text processed by a word processor or processing machine. Do we regard this as a register or not? These are areas of Legal issues which would tend to create questions that would need answers.

Another Legal problem that comes to mind at this stage in the advent of Computers is the fact that in some cases Laws can contradict each other and the question of interpreting certain Laws becomes a very serious problem to contend with in a Computerised environment. There will therefore be very serious consequences that may occur in the system when a computer audit is embarked upon.

### ***The question of integrity and the Right of Access to Information***

To a large extent there is some amount of openness in our Society. Looking at the extent of computerisation in the Sierra Leone these issues might not seem pertinent at this stage. But as development progresses we would need to start thinking seriously about the kind of threat the introduction of computers may have on

personal integrity. For the audit of a computer based system, the Auditor General's Mandate should suffice, where applicable, with some improvement/modification.

### ***Information Segregation***

The right of access to Government (Public) information should be a fundamental right that must not be tampered with. However where a large quantity of information is held on a system, we would want to determine what information should be accessible and what not be accessible. These are all issues that will require very serious thought as we develop a system of Computers. As Auditors we need to bring this aspect out clearly to prepare for future developments.

### ***The Quality of Computer Data***

This is a very important area. In the process of developing a computer system, the auditing process should ensure that information derived from the computer data is correct and relevant to assist in decision making. The auditor of the computer process will want to examine this area thoroughly.

### ***Complexity***

Computerisation and automation makes financial Management very easy. The effect of this is greater dependence on automation and of course greater complexity. A high degree of complexity may lead to difficulties in obtaining a complete and overall picture of a situation. It may not be possible to understand the whole system or to see the chain of causes and effects. These are all serious areas for consideration in the auditing process in order to keep the link in the chain of activities. Something must be done to clarify this aspect in the auditing process.

### ***Reporting the Results of a Computer Audit***

In a properly developed Computerised environment, reporting is usually carried out by the use of a number of tools:

- word processing;
- desk top publishing;
- spreadsheets, Graphics;
- database management software.

It is important that all of these are properly developed in the background of a well structured staff training programme.

### ***The Effect/Benefits of a good Computer Audit System***

The result and benefits that can be achieved under a Computer Audit base platform are as follows:

- improved efficiency;
- improved analysis capabilities;
- improved effectiveness;
- enlarged and extended scope;
- exchange and reuse of techniques;
- selective application of Audit procedures.

### ***Conclusion***

There is an urgent need to consider the unification of systems and the development of a common system that will enhance the smooth transformation and adoption of a properly Computerised Government Accounting System that will lend itself easily to proper audit.

The Audit Institution needs to take a few strides forward and attempt to solicit the kind of funding and all other logistics for long term sustainability. These are all pre-requisites for a proper and effective Computer Audit base.