Financial Audit Support System

Over the last 5 years the National Audit Office has developed a Financial Audit Support System designed to meet auditor's needs to create audit documentation and maintain information about our clients and audits.

Tony Anderson joined the NAO in 1979, and after working on a wide range of financial and performance audits joined the NAO IT section to develop and implement IT projects for audit purposes.

Our goals when developing FASS were mainly to seek improvements in the efficiency of producing audit documentation and providing auditors with quick access to reference information. A sub-goal was to improve and standardise audit documentation as far as possible. Other goals have arisen along the way including flexibility, an issue that auditors and managers place great emphasis on.

Three years ago we revised our Audit Manual and the NAO adopted Windows 95 and Microsoft applications for general use. FASS was rebuilt to incorporate and take advantage of these changes, introducing simpler solutions than had previously been possible.

Overall Design

The core building blocks of FASS are the Microsoft applications Word, Excel and Access.

To reduce problems of installation and maintenance all entities and code are contained in Templates. When these are revised they are placed on a server and automatically downloaded to machines when the user next logs on to the network. No special configuration of machines is required, considerable effort having been made to ensure that the system works on the standard NAO set up.

FASS integrates with other NAO systems rather than replicating their functions. The main links are to our Resource Management System and Merlin an Intranet that provides access to manuals, reference material and much more. File control is provided by user permissions from the servers which run Microsoft NT.

To minimise the amount of training and additional knowledge auditors need we have made FASS work in the same way as the Microsoft applications it uses. The tool to create and roll forward documentation is in the form of a Wizard accessed from a word document and special functionality is provided by FASS toolbars in documents and spreadsheets.

Creating and Rolling Forward Documentation

FASS enables the creation of financial audit document sets tailored to the requirements of the audit. The degree of tailoring is not excessive as auditors and managers like to retain considerable freedom in how they go about an audit, making fine tuning superfluous.

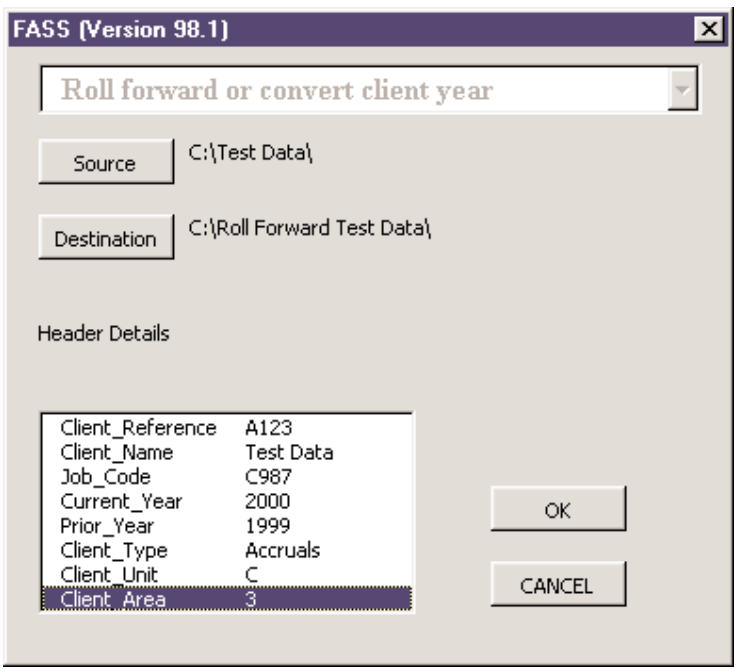
Documentation can be created and accessed on servers, standalone PCs or laptop computers. Documents are stored in folders (directories) and individual documents can be opened using Explorer or file open dialog boxes within the applications.

Rolling forward document sets to the next year is a simple process but can have significant rewards. Whilst text in documents is not changed by the process, headers are amended to the new years information but more importantly client financial information is transferred to prior year.

After a roll forward entering current year budgets enables a full set of planning documentation to be produced very quickly. Of course auditors will need to do more than just this. The roll forward process has enabled auditors to gain more time to think about their clients and how to go about the audit than would otherwise have been possible. Knowing that they probably have most of the basic information in last year's documentation including any impending changes to clients business or systems, gathered during the course of their previous audit, they can spend more effort on refining and optimising the current audit.

The process of creating or rolling forward documentation sets uses a dialog box built in a word template. The example in Fig. 1 is set for roll forward and both the source and destination of the documentation set have been selected. Header details can be changed as required for the next year's documentation.

Figure1 FASS Creation and Roll Forward



The Documentation Set

The documentation set is divided into a series of folders as shown in the 'Open' dialog box in **Figure 2.**

In this example only one account area has been created, 'C1 Account Area' but auditors can create as many as they require. They can also add other folders, standard documents or documents they have created to meet their requirements.

Each folder is populated with an appropriate set of documentation including an index document (**Figure 3**) for the folder. The index is necessary, as we have yet to moved to a fully computerised system; documentation is still mainly reviewed on paper. The index does provide some other benefits, as the entries, which are generated automatically, are hypertext links to the other documents in the folder providing a means of quick access. Each entry also shows the date and time of the last update to each document.

A typical document is shown in **Figure 4 (overleaf)**. When first created documents contain a list of headings with references to the appropriate authorities and standards. Documents also have a common toolbar that provides quick access to reference and example (EG) documentation contained on our intranet Merlin and to other information about the client held in Section Files.

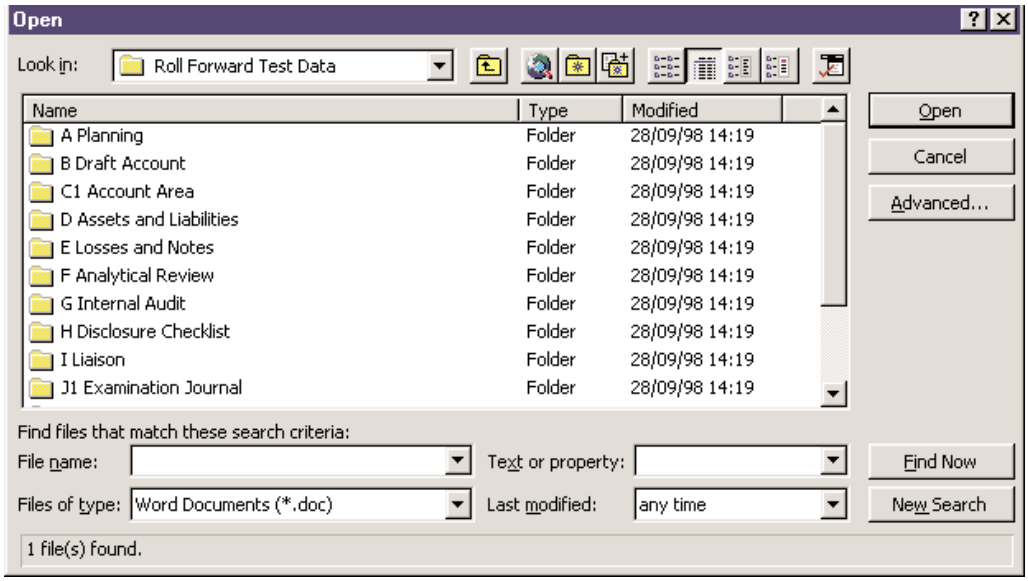


Figure 2 FASS Folders

Documents can also contain links to other documents and to an Audit Information Database unique to each audit. A number of tables containing AID information are built into the standard documents and others can be added as required. These tables can be refreshed to capture the latest information held in AID. Other functions available from the toolbar enable tables to be flipped to improve presentation and a button to send selected text to another document such as points for management letters. The latter provides most of the functionality of a far more complex cross-referencing system but is quick and simple to use.

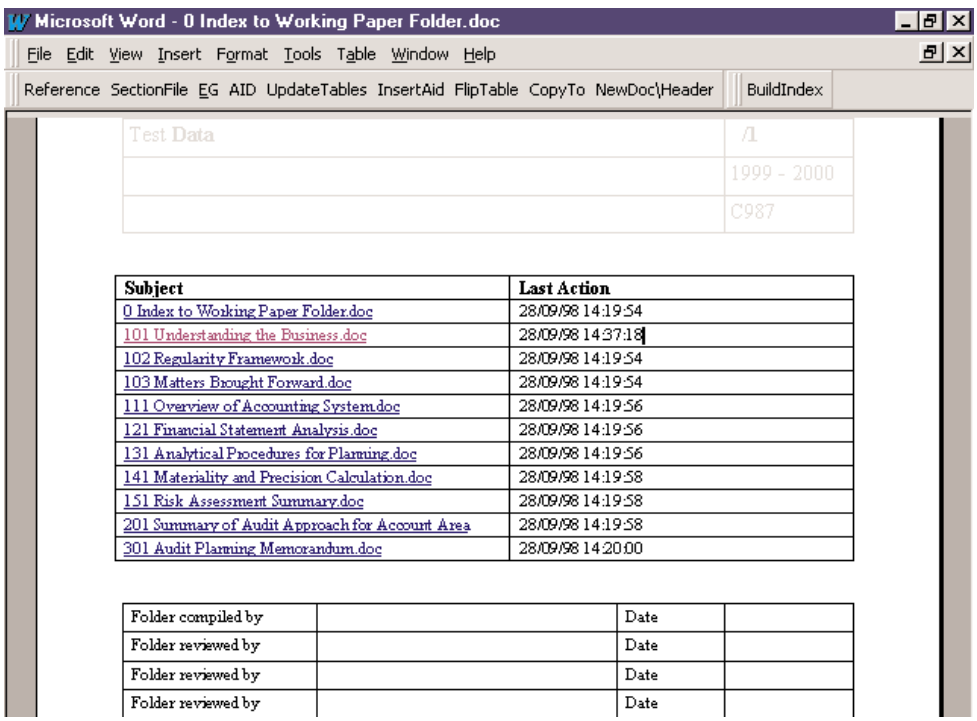
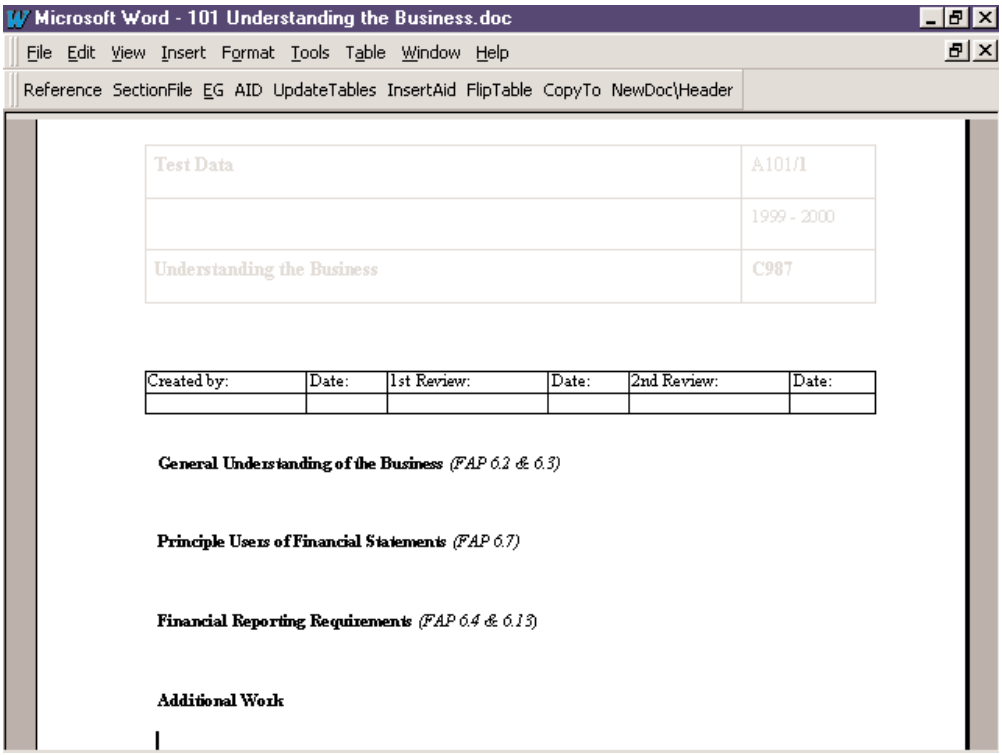


Figure 3 Index Document

Figure 4 A typical document



Audit Information Database

AID is built in Microsoft Access. It provides a means of storing collections of information about clients and audits with a selection of functions and tools to perform many audit requirements quickly and accurately. Use of the database, which can add significantly to the amount of work involved, is not compulsory.

Client financial information in the form of budgets and outturns can be imported from a variety of sources. The file interrogation package Idea, which is a core package used by our auditors, is the general source of such data but client information in a wide variety of formats can also be handled.

Clients Charts of Accounts or Ledger structures can be used but most auditors use simplified versions to reduce complexity. Account Areas can be defined as required down to any level contained in the financial information. **Figure 5 opposite** shows the Account Area Definition screen.

Clicking the tabs displays the various accounting and audit definitions each with many to one links to the succeeding level. The buttons provide for importing data, access to other screens and return to the Word document currently being worked on.

At first appearance the rather detailed structure which includes Sub Account Areas seems excessive but for simpler accounts it is possible to remove layers by using the replicate button. Motivations for the structure stem from a number of sources, the main ones were to enable auditors to view the impact of errors at any level especially Financial Statements (Account Balances) and to provide flexibility for auditors to refine their audits.

The Audit screen provides for calculating materiality, sample size and evaluating errors (see **Figure 6 opposite**). Other screens (not shown) are the Financial screen which allows for importing or inputting client financial information at the level of detail required and a General screen for maintaining information about legislation, risks and other less specific collections of information.

Word documents and Excel spreadsheets can contain links to AID. The links normally display tables that can be refreshed when necessary to show the latest information. Any information in AID can be incorporated into documents in this way. We have created a number of standard links that provide basic information for most parts of the audit. The information selected is often based on document properties so only information relevant to a particular document will appear. For example documents in an account area folder will only show AID information specific to that account area.

Other elements of FASS

A number of spread sheet templates are available to handle a variety of matters including a set of the different account formats used by our clients and one to provide links to our Resource Management System. These and various Word documents have been created by others not necessarily computer experts to provide useful functionality whilst fitting in with the FASS system. This was possible because of the simple template structure of FASS which is now not so much a ridged system but more

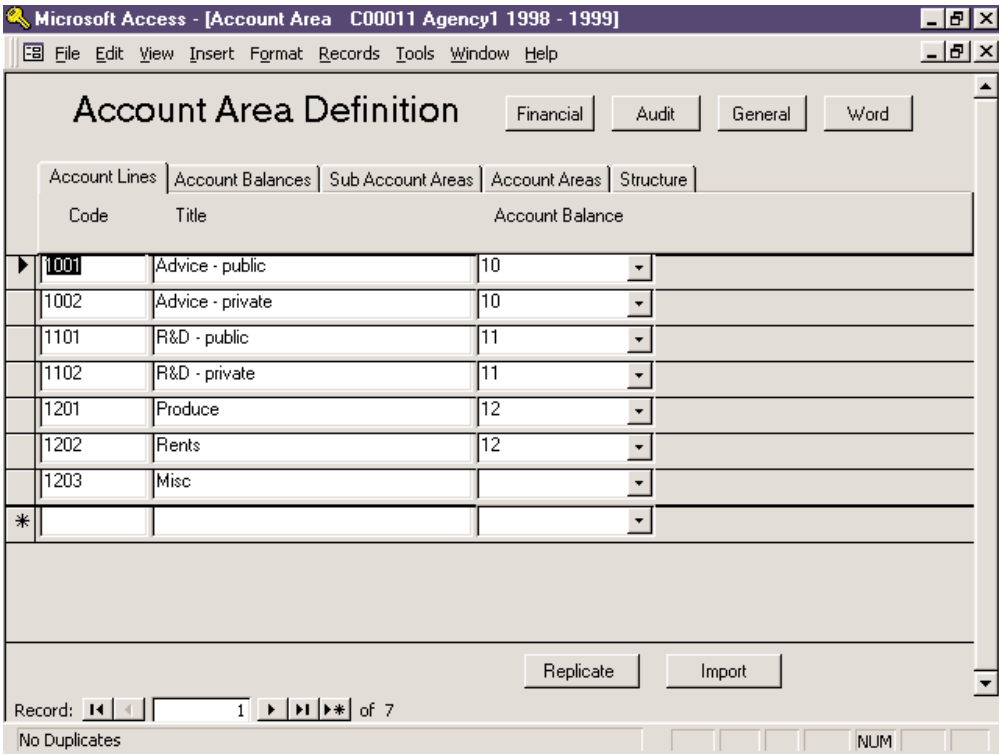
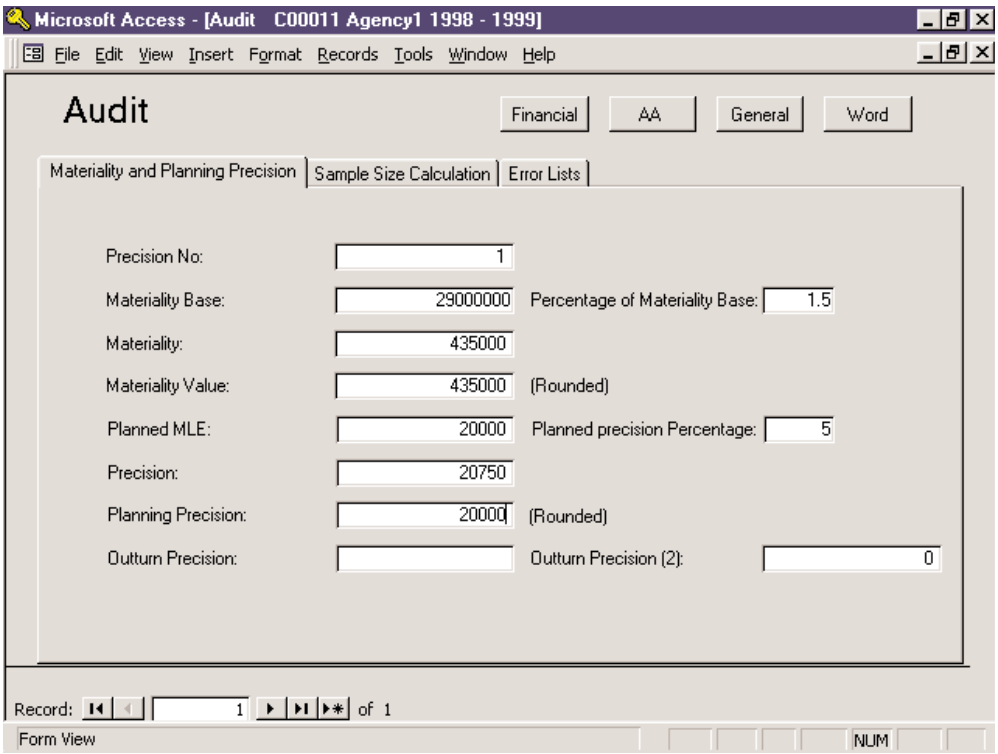


Figure 5: Account Area Definition screen

Figure 6: Audit screen



a collection of basic building blocks and tools the auditor can assemble, both adding to and subtracting from, to best meet their needs.

Mobile Computing

We have now been given the challenge of developing a Mobile Computing strategy for the NAO. FASS or its successor will hopefully be one element in this. FASS currently takes advantage of Microsoft Briefcase to enable auditors to take documentation on audits on notebook computers and synchronise their working papers and AID information when they return. But the demand in this area is very high and use of the Internet and Government Secure Internet will no doubt figure high on the list of audit priorities.

News Item

The INTOSAI Standing Committee on EDP Audit played an important role during the XVI INCOSAI, held at Monte video, Uruguay from 7th - 14th November 1998. The Deputy CAG of India Mr P K Lahiri, presented a report on the Committee's activities, during the 44th Meeting of the INTOSAI Governing Board on 7th November 1998. This report highlighted the Committee" work since the last GB Meeting in 1997 and also its work plan for the next 3 years. The Congress opened on 8th of November 1998 and the Chairman of the Committee, Mr V.K. Shunglu - CAG of India, presented his report to the First Plenary. This report detailed the committee's work in the past three years and presented its workplan for the next three years. The Committee also presented a paper, which formed the basis for discussions during the sessions on Sub Theme II E, which related to the EDP Audit Committee. Mr Doussari from SAI KUWAIT moderated the discussion. Mr Griffith, Head of SAI of Barbados, acted as rapporteur. The Chairman of the Committee set the tone for the discussions with his opening remarks. During the discussions the CD containing three Committee products was demonstrated. On the 13th of November 1998 the Chairman of the Committee presented the results of the discussions as a report to the Second Plenary.