

# Data Analytics transformation for External Auditors

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# What is Data Analytics

- Is a process of inspecting, cleansing, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions, and supporting decision-making.



# Data Analytics for External Auditors

Auditor data analytics is about enhancing audit quality.

Data analytics enables auditors to improve the risk assessment process.

It provides a niche offering to the clients.

It's a major differentiator that moves you as an auditor to the next level.

# How can Data Analytics contribute to Audit Quality

- The ability to graphically visualize results: data visualization is now a discipline in its own right;
- Sophistication, and the breadth of interrogation options;
- Ease of use by non-specialists; and
- Scale and speed.

# Commonly performed data analytics routines

- Comparing the last time an item was bought with the last time it was sold, for cost/NRV purposes.
- Inventory ageing and how many days inventory is in stock by item.
- Receivables and payables ageing and the reduction in overdue debt over time by customer.
- Analyses of revenue trends split by product or region.
- Analyses of gross margins and sales, highlighting items with negative margins.
- Matches of orders to cash and purchases to payments.
- 'Can do did do testing' of user codes to test whether segregation of duties is appropriate, and whether any inappropriate combinations of users have been involved in processing transactions.
- Detailed recalculations of depreciation on fixed assets by item, either using approximations (such as assuming sales and purchases are mid-month) or using the entire data set and exact dates.
- Analyses of capital expenditure v repairs and maintenance.
- Three-way matches between purchase/sales orders, goods received/despatched documentation and invoices.

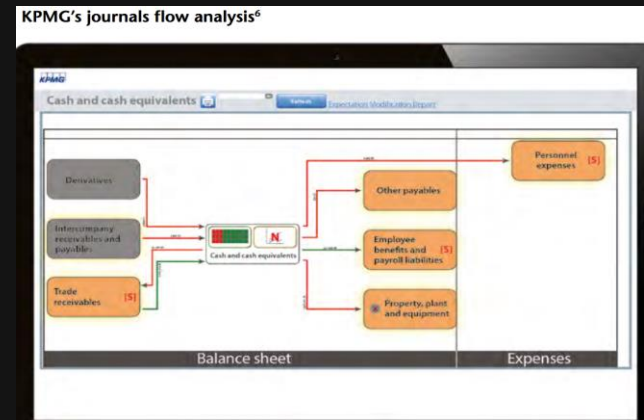
# How Does Data Analytics Add Value

- It is a clear measure of the External Auditor ability to be in the top 50 Audit Firms
- Allows the opportunity to expand and tackle big firms.
- Within the next 5 years audit firms or external auditors that are not able to utilize extensive data analytics tools to show value to their clients will not be able to compete in the market.
- Data Analytics tools are now available and affordable to a big chunk of audit firms.
- The fact that data analysis tools requires a lot of investment in Hardware , technology and man power is not true anymore.
- Audit firms can start using complex data analytics tools to enhance their audit quality at a very affordable and cost effective price and all what is needed is the will to do so.;

# How can we help

Provide assistance to audit firms to select the right Data Analytics tools other than excel that can help in enhancing the audit quality without the need of special expertise.

## Examples of Big 4 data analytics tools



Demo.....



Thank You

