CPA
Practice Advisor

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TECHNOLOGY

Specialized Tools Aid in Audit Engagements

Audits are not the realm of only the Big 4 and other very large practices. Many small and mid-sized firms also offer A&A services to their clients. But audits can certainly be complex and labor intensive, not to mention the considerable regulatory obligations that accompany them. With the right tools and services, such as those in this section, even small firms and sole practitioners have found audit services to be a valuable and highly sought after offering.

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Audit Confirmations

www.AuditConfirmations.com

AuditConfirmations provides a web-based utility for directly verifying an entity's account balances by contacting the institutions, lenders and other organizations that hold the business' assets and liabilities. Because the system uses electronic communication, verification and authentication tools instead of relying on paper-

based processes and mailed forms, the program greatly streamlines these tasks, helps increase accuracy, and speeds them up dramatically.

AuditConfirmations is designed to give audit teams these productivity benefits, while also providing security features that ensure sign-offs come from appropriate authorities at the third-party banks and institutions. Instead of relying upon name and contact information provided by the organization/client being audited, the officials are identified, prequalified and verified by AuditConfirmations, and must register and authenticate their own account with the online system. This helps to reduce unofficial sign-offs, one of the most frequent methods of confirmation fraud. The system includes collaboration tools and functions for tracking the status of confirmations.

Capital Confirmation

www.Confirmation.com

Capital Confirmation was the first to develop a secure electronic confirmation service, is used by most financial institutions in the United States and is endorsed by the American Bankers Association. The system provides an alternative to the formerly labor- and paper-intensive process of account balance confirmation that increases the accuracy and efficiency of audit teams.

Prior to electronic confirmations, the methods used during audits were more at risk for fraud, and resulted in notable cases of fraud such as those at Parmalat, CF Foods, HealthSouth and others, where unauthorized persons within financial institutions used by those companies were able to certify bogus accounts and balances. With services such as Confirmation.com from Capital Confirmation, however, only authenticated officials at banks are able to respond to confirmation requests, and Capital Confirmation guarantees that these officials are authorized to represent, report and make such confirmations.

In addition to the security and assurance offered by Confirmation.com, the electronic confirmation process also reduces the average time that auditors wait for a confirmation request from more than a week to about two days, which significantly improves the productivity of audit engagements and also provides the benefits of a paperless engagement. Confirmation.com was a recipient of a 2009 Tax & Accounting Technology Innovation Award from *CPA Practice Advisor*.

CaseWare IDEA

www.CaseWare.com

CaseWare is a well-known developer of technologies that enhance the management processes involved in auditing, financial compliance, risk assessment, and time and project management. Designed by auditors for auditors, the vendor's IDEA system offers advanced financial data analysis features that help mitigate fraud and ensure data integrity.

IDEA includes features similar to an audit trail, with tools that automatically track and record the nature of changes made within a database, from transactional information to user IDs. The system allows data to be imported and exported into all common business formats, enabling it to be used with most ERP and accounting systems. It offers free-form search that can look across millions of records in seconds, and then allows comparison and consolidation of data from files from various sources to help find anomalies, and eliminate gaps and duplicates.

The system's reporting features provide deep data analysis, continuous auditing, travel and expense auditing, systematic software selection tools, and a proposal ranking matrix. It includes prebuilt tests and reports for business financials, including GL, AR, AP, inventory and fixed assets, as well as functions for managing SAS 99 requirements.

ReInvent Data

www.topcaats.com

The TopCAATs system from ReInvent Data is an Excel add-on that includes more than 130 audit and accounting focused tools and features that help streamline and automate processes and testing functions.

The system's features are available in a toolbar ribbon that integrates into the Excel interface, and includes functions for formatting by number, date or currency, as well as for manipulating text, merging, inserting borders, adding ticks or crosses, and various sampling options. Data analysis capabilities include the ability to easily join and append sheets, re-age listings, produce quick and advanced summaries, perform ledger splits, identify gaps and duplicates, and process analytical reviews.

TopCAATs has dozens of pre-built tools, guides and reports, including testing of all data, as opposed to sampling. Tests that can be performed within the system include Benford's testing, Gap/Duplicate detection and Monetary Unit testing. These tools

and the program's additional features can be customized to the workflow processes of audit teams and firms, thereby helping to standardize audit engagements.

Thomson Reuters — PPC SMART Audit Suite

PPC.ThomsonReuters.com

The PPC brand has long been a familiar name to auditors, with a suite of products and associated guides and tools for A&A engagements. In addition to integration with the various PPC tools for Checkpoint, practice management, workpapers, interactive disclosure libraries and an engagement letter generator, the PPC SMART Practice Aids modules include the Guide to Audit Risk Assessment, Internal Control, Disclosure, Field Work and Single Audit.

The Field Work utility is the newest addition to the suite, giving users the ability to plan and execute an entire audit, with greater control over processes, efficiency and workflow. This tool brings PPC's SMART "decision support" capabilities to all audit functions, enabling data sharing between all of the practice aids, the ability to add integrated and linked workpaper references to any document, a Navigator feature that guides staff through engagement processes, and an Engagement Dashboard that gives an overview of the entire audit and for each area of the audit.

The other tools in the SMART Audit Suite include Risk Assessment, which helps audit management identify risks and complete planning forms, while providing a suggested audit program; the Internal Control system guides users through the steps required for evaluating internal control over financial reporting; the Disclosure and IFRS Disclosure Modules, which offer structure and guidance for preparing disclosure checklists and reporting; and the Single Audit system, a tool that automates complex and highly scrutinized single audit engagements.

Technical Financial Solutions

www.tfsus.com

IT-related controls testing can be one of the most challenging aspects of audit engagements, especially for smaller practices without extensive IT support. That's where Technical Financial Solutions comes in, offering various services that aid professional firms during audits.

The company's primary focus is on testing of general controls, application controls and key reports, and it has developed a proprietary audit program that covers all four

ITGC categories based on COBIT control objectives, as well as testing of A133 related controls. Through TFS' High Tech Act Audit Services, the vendor also offers security frameworks that comply with HIPAA and the Health Information Technology for Economic and Clinical Health Act, including gap analysis and audit control testing, vulnerability assessment and management, and management reporting.

TFS acts as a consulting partner on audits, providing expert financial IT staff that work with the firm. Additional services offered by TFS include SAS 70 and SSAE16 audit assistance, process documentation, data analysis services and IT audit training options.

AverQ

www.averq.com

Increasing regulatory oversight of audits has led to a greater demand for collaboration during audit processes, in order to ensure more comprehensive access to data by the audit firm. With the right technologies assisting in this collaboration, firms can reduce many redundancies, increase efficiency, and decrease deficiencies and restatements.

The on-demand, web-based audit tools from AverQ provide an integrated financial audit management solution designed to allow auditors and their clients to work together more effectively using a secure, subscription-based service. Since the program is online, it allows for quick deployment and remote access to always-live data by both the audit firm and company, which aren't available via traditional workpaper programs or the use of email and client portals.

Additional benefits of AverQ include the ability to streamline knowledge transfer and training, and a more effective internal quality control process. As a result, AverQ allows firms to work more quickly, effectively and accurately, while maintaining compliance with audit standards such as the PCAOB's Audit Standard 5.

Amelio

http://amelio.hkmpt.com

The Amelio system from HKMP Technologies provides an automated, web-based solution for creating dynamically linked compliance forms and checklists, including forms created in-house or obtained from other content providers.

With these enhanced checklists and forms, the system helps ensure reliable processes that are consistent and efficient, and since it is an online application, its digital environment acts as a centralized storage and management location for all documents and data, thereby supporting a paperless engagement and allowing for simplified reporting and data mining.

Amelio's management functions also offer automatic population of redundant data across all related forms, and provides multi-level and even form-specific user access security. The system allows grouping of related forms using a unique, logic-based form design that allows forms to become adaptable to firm and client needs. Client collaboration features enable external users to fill out forms via a portal or via a secure email delivery and import utility.

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