

# Understanding Continuous Audit for Value

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# Program Objectives

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- Define and create a common understanding of continuous auditing
- Understand the power of automating the testing of true process risk controls
- Learn the three phases of the continuous audit model
- Discuss management conditions and keys

# *Definition*

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Continuous auditing is one of many tools utilized within the internal audit profession to provide reasonable assurance that the control structure surrounding the operational environment is:

- Suitably designed
- Established
- Operating as intended

# *Leverage the Power*

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## Recognize the opportunity

- Can this be automated?
- Will this save time?
- Are the results going to provide value?
- Is it worth the time to create?
- AVOID – we have always done it this way

# *Leverage the Power*

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## Knowing the Objective

- Do you know how to get it?
- Clear identification and understanding
- Extracting this from your partner
- Impossible to build an effective automated program without this

# *Leverage the Power*

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## The Data

- Where will it come from?
- How will it be selected?
- Is it an independent pull?
- Is the source pure?

# *Leverage the Power*

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## The Build

- Can we create the program independently?
- Is it validation or reperformance test?
- Has the timeframe been confirmed?
- Do we have the skillset to complete?

# *CA Methodology – 3 Phases*

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## Foundation – 4 Step Approach

1. Target Area
2. Testing Objective
3. Testing Frequency
4. Testing Technique



# *CA Methodology – 3 Phases*

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## The Approach – Creating Test Procedures

### Factors

- Scope – inclusion & exclusion
- Volumes – is there enough
- Sampling – which technique is best
- Criteria & Attributes – test steps

# *CA Methodology – 3 Phases*

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## The Execution – Dedicated Performance

### Factors

- Performance
- Exception Identification
- Reporting

# *CA Methodology – 3 Phases*

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## Management Condition

### Their Perspective

- Education & Understanding
- Buy In
- Commitment

# *Concepts & Lessons Learned*

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## Concepts

### Developing Technique

- Understand objectives
- Recognize limitations
- Consistently follow the methodology
- Document approach & results
- Continual adjustment to process

# *Concepts & Lessons Learned*

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## Lessons Learned

### Great Concept

- Not implemented quickly/easily
- Requires skill & planning
- Achievable objectives
- Clearly communicated expectations
- Dynamic process

# Questions or Thoughts

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