

CRYSTALLIZE
ANALYTICS®

Automated Audit®

Product Overview

Out-of-the-Box Software Designed for Internal Auditors and Finance Teams

Automated Audit is an out-of-the-box software product that allows an internal auditor or finance team to drill into the source of any transaction. Automated Audit provides up to 100% transaction and balance coverage, eliminating sampling with the accompanying error extrapolation risks; or may be configured to employ sampling or materiality-based selections of items, balances, or transactions as needed per firm/company audit documentation standards.

These automated procedures work from a complete accounting representation, not just isolated transactions, but instead maintaining all links (drill-down and roll-up) to related balances and underlying data (i.e. accounts receivable invoices stay linked to underlying shipping information for cut-off testing). Transactions of different types and methods can be pulled into the product layer to pull up the source of specific transactions.

Automated Audit drills down from the trial balance for all standard data facets, generates the audit working papers, and allows splitting of the audit scope by categories, ledgers, legal entities, or even regions to different members of the audit team.



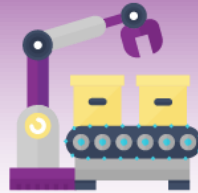
MANAGING THE AUDIT WORKFLOW

- Ability to assign and unassign focus areas or divisions to each auditor and ability to split audit scope by procedures
- Ability to include notes, attachments to each procedure, edit the notes and share with the audit manager
- Dashboards and workflows to quickly view overall audit progress, determine what each auditor is working on, and the number of exceptions encountered
- Mass disposition and automatic disposition streamline the workflow
- Built-in approval hierarchy
- Ability to document audit conclusions and disposition of audit exceptions identified
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Automated Audit® Covers an Expanse of Data Facets Including:



*Reconcile
Subledger to
General Ledger*



*Reconcile and
Verify Physical
Inventory Count*



*Search for
Unrecorded
Liabilities*



*Confirm Calculations
on Inventory
Valuation Report*



*Match Customer
Orders to
Invoices Billed*

Crystallize Analytics Automated Audit procedures have the advantage of allowing testing in both directions. For example, for external reporting, vouching invoices to underlying shipping records can test revenue existence, while an internal team may be testing revenue completeness by tracing shipping records to the invoiced sales to ensure all goods shipped have been billed.

FEATURES AND BENEFITS

- ✓ Intelligent rules-based auditing and assurance tool for internal financial auditors/finance teams at the database level (not the application tier) with the ability to drill down to individual transactions and roll up to summary balances
- ✓ Availability of up to 100% transaction and balance coverage- elimination of sampling with the accompanying Type I and Type 2 risks
- ✓ Ability to employ sampling or materiality-based selections of items, balances, or transactions as needed per firm documentation standards
- ✓ Ability to audit the complete accounting representation, not just individual transaction, and data point sampling
- ✓ Specific identification of transactions/entries that may indicate misstatements
- ✓ Automatic pattern matching ability to identify all transactions that do not conform to standard business processes
- ✓ Context-sensitive pattern analysis
- ✓ Instant availability of findings reports and dashboards
- ✓ Auditing working papers generated real-time for the selected data set and procedures
- ✓ Ability to group individual balancing segments (typically legal entities) for any procedure. (i.e., a reporting group may contain several sub-entities, but are aggregated for reporting and audit
- ✓ Built-in capability to remove false exceptions and plough back learning (future)
- ✓ Product data layer means that it can be adapted to all relational databases (future)
- ✓ Scalable framework allows addition of user-defined data facets (future)
- ✓ For sampling-based procedures, the ability to expand testing based on discovered audit exceptions without overwriting previously tested items (future)

COMPREHENSIVE SUPPORT FOR “COMPLETENESS TESTING”

- Start with a transaction and trace/audit all the way up to general ledger:
- Example: A global corporation transferring inventory internally from one operating unit/organization to another
- Trace OUT and IN transactions from the inventory shipping and receiving perspective
- Tie those transactions with general ledger entries in associated ledgers
- Tie those general ledger entries with general ledger balances under appropriate accounts and accounting periods

“EXISTENCE TESTING”

- Start with general ledger balance for an account and accounting period and link the balance entry with underlying transactions and related full accounting representation:
- Example: Vouching for a receivables balance account for an accounting period
- Vouch to all the customer invoices associated with the receivables balance
- Vouch customer invoices to shipped product to confirm the validity of those invoices
- Trace any credit memos that were applied on those customer invoices and check for validity
- Reconcile with customer receivables aging report

REAL-TIME AND COMPLETE TRANSACTION REVIEW FOR ON-SITE AND REMOTE AUDITORS OR FINANCE TEAMS.



Audit Automation is designed with audit industry best practices in mind. Its dual purpose allows external auditors to audit financial data more easily from EBS that support the trial balances and resultant financial statements for which the audit is being performed and allow a client's financial users and internal audit team the ability to either perform or pre/reperform key data facets and prepare schedules quickly and easily that conform with what auditors wish to test. This has the dual benefit of making the audit easier and less burdensome for the client's financial staff and allows the ability to easily identify issues or differences in ERP financial data that can be corrected prior to the audit.

The screenshot shows the 'Data Facet Configuration' window in Crystallize Analytics. It displays a table with columns for 'Attribute', 'Type', 'Format', 'Order', 'Shipping', and 'Include in Shipping'. The table lists various attributes like 'REVENUE_COST', 'REVENUE_COST_CHANGE', 'MPL_COST', 'MPL_COST_CHANGE', 'PROCEDURE_COST', 'MPL_COST_CHANGE', 'REVENUE_COST', and 'REVENUE_COST_CHANGE'. The 'Type' column shows 'NUMBER' for most attributes. The 'Format' column shows 'N15,2' for 'REVENUE_COST' and 'N15,2' for 'REVENUE_COST_CHANGE'. The 'Order' column shows '1' for 'REVENUE_COST', '2' for 'REVENUE_COST_CHANGE', '3' for 'MPL_COST', '4' for 'MPL_COST_CHANGE', '5' for 'PROCEDURE_COST', '6' for 'MPL_COST_CHANGE', '7' for 'REVENUE_COST', and '8' for 'REVENUE_COST_CHANGE'. The 'Shipping' column shows 'N/A' for most attributes. The 'Include in Shipping' column shows 'N/A' for most attributes.

The current audit paradigm is what is called a balance sheet approach, or as is often said in the audit world - If you are confident in your balance sheet you can trust net income. This truism is based on the concept that net income is not only the revenue less expenses. It can also be accurately calculated as the net change in the balance sheet reflected in adjusted retained

earnings. Once all other accounts have been tested on the balance sheet, the change in retained earnings is what remains, which, if dividend activity is removed, will accurately equal net income.



What standard audit procedures do not focus on is intra-year (intra-period) activity in the accounts. An auditor would test outstanding credit memos in accounts receivable at year/period

end but would not pick-up significant adjustments to receivables (and related revenue) occurring and settled during the year/period.

The Automated Audit software provides auditors and finance teams with streamlined data and standard procedures which enable companies to gain valuable insight and be confident in their preparation for their financial audit.

INTERESTED?

For more information, please contact Crystallize Analytics at info@CrystallizeAnalytics.com, visit CrystallizeAnalytics.com.



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