Assurance in real time

Real-time Audit

Real-time auditing will play an increasingly key role in the future. This involves federating data sources and using sophisticated computer programs that run continuously to identify exceptions or anomalies, analyse patterns within the digits of key numeric fields, review trends and test controls.

Currently, most organisational communication in the market is unassured. That is, there is no auditor involvement when a company issues earnings guidance, a premium announcement, an analyst briefing or a strategy presentation. So auditors need to be able to give greater support in this space by delivering deeper insight into company performance, and one way of doing this is to provide much more real-time assurance on market-shared communications. Auditors can achieve this by adopting the fraXses platform to provide a data framework and data management methodology.

One of the benefits of the real-time approach is to bring the annual report to life. The auditors review is largely a confirmatory document with no reference to share prices. Through fraXses the auditor is in a position to provide greater insights around the key information generated by management — data that the market actually uses and that impacts share price. The fraXses technology also has a central role to play in reshaping the audit process. This is important for companies large and small, all of which have to contend with key issues such as fraud. The old sampling methodology that has been at the heart of

the audit for decades is now being challenged by analytics that enable the auditor to analyse millions of records. Visualisation tools that are capable of manipulating huge volumes of data render this information much easier for both auditor and client to understand.

Enabling the auditor to federate data across a variety of source systems and analyse the data that is relevant without the need of moving data, frees up the Audit firm to avoid deploying a small army of auditing specialists to test a sample of client data. The firms can use analytics to look at thousands of transactions. The fraXses platform provides the opportunity for auditors to evaluate large or even entire populations of transactions rather than relying on statistical samples—and auditors are freed up to focus on risk, and the appropriate responses to risks, in a way not previously possible.

Auditors will be able to analyse not only structured data but also unstructured data, the kind not found on spreadsheets or databases. Collecting real-time data from connected devices and using machine learning will help auditors interrogate data and empower them to examine unusual or unexpected items, surfacing risks that subsequently can be addressed and resolved.

By providing easier access to data the auditors can move to higher-value analysis, including forward scenario planning. The end result will be an improvement in the quality of the audit, and more importantly, increased confidence on the part of investors and stakeholders.