

CAP
Computerized Audit Program





Independent Audit


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Agenda

- Functioning Of the CAP Solution
- Customer Acceptance
- Annual Audit Plan
- Risk Assessment
- Control Tests
- Substantive Tests
- Reporting
- Infrastructure & Working Logic
- References
- Advantages

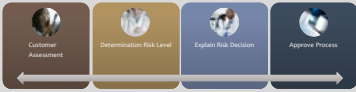
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Functioning of the CAP Solution




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Customer Acceptance



Customer Acceptance → Determination Risk Level → Explain Risk Decision → Approve Process



Before signing the contract for auditing, Partner that review customer situation. And then It helps to decide whether or not to audit the customer.

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Annual Audit Plan



- Can do effective audit planning in current period
- Flexible for unexpected situation
- Shows difference between expected and incurred time/cost



Contract Arrangement → Audit Time Schedule → Capacity Control → Time Sheet → Cost Control

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Risk Assessment

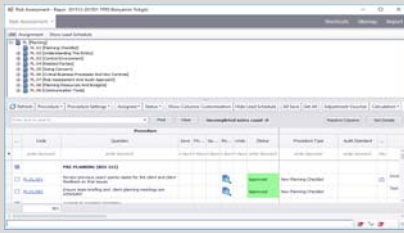


Works for Customer Recognition and Underwriting → Defining roles → Intensity → Between Risks and Accounts are created links → Finalizing Risk Assessment Module



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Risk Assessment (Cont.)



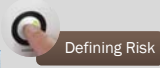
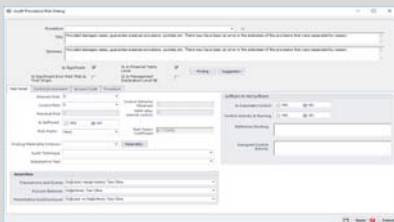
Works for Customer
Background and
Understanding

Using some questions for understanding and recognition customer's business and financial issues.

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Risk Assessment (Cont.)



Defining Risk

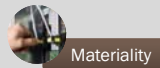
- The audit risks are defined during the audit interview.

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Risk Assessment (Cont.)

Description	%	Rate on Profit	Rate	Equity	Assets	Other
Cost of Sales	10.0000	7.0000				
Operating Expenses	10.0000	7.0000				
Operating Income	10.0000	7.0000				
Operating Profit	10.0000	7.0000				
Operating Loss	10.0000	7.0000				
Operating Income	10.0000	7.0000				
Operating Loss	10.0000	7.0000				



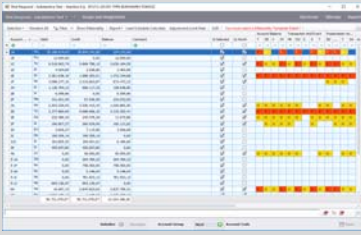
Materiality

Defining Acceptable Error Rate and Adjustment Limit Rate are done for preventing do a critical mistake.

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Risk Assessment (Cont.)

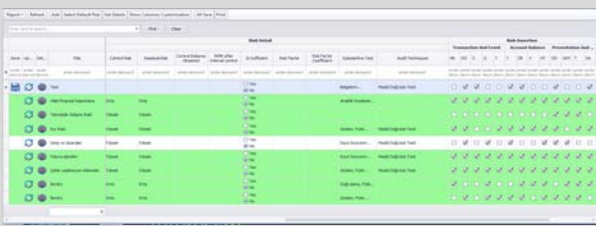


Between Risks and Accounts are created links

Between defined risks and accounts of the financial statements is created links.



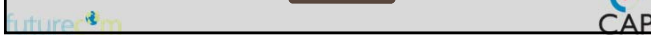
Control Tests



Substantive Tests



- Formulas Checking
- Check Adjustment Records of Financial Account
- Financial Analysis, Data Analysis, and Required Working are done
- Transfer Customer Data
- Determine Audit Program



Fraud Analysis

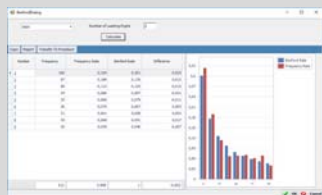


- Benford Analysis
- Histogram Analysis
- Duplicates
- Non-moving Accounts
- Reverse Balance Accounts
- Day Analysis
- Accounting Errors and Tricks
- Account Debit and Credit Analysis
- Compare Accounts periodically
- Ratios
- Vertical Analysis
- Horizontal Analysis

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Benford Analysis

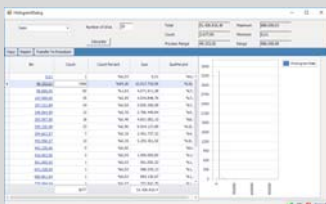


It compares between frequency distribution of leading digits in customer data and Benford law's frequency distribution. Deviation points show us possible risks.

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Histogram Analysis



It separates customer account records according to your range. And It shows the density of ranges. Ranges that are low-level density, may have fraud risk.

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Duplicates

The screenshot shows a table with columns: Account Code, Account Name, Number Date, Number Number, Number Type, Comment, DEB, CRED, and Bal. One row is highlighted in red, indicating a duplicate record.

It catches same records by your criteria.

Non-transaction accounts

The screenshot shows a table with columns: Account Code, Opening, Date, Credit, Debit, and Balance. The table lists various account codes and their corresponding opening and current balances.

It shows non-transaction accounts in current audit period.

Reverse balance accounts

The screenshot shows a table with columns: Account Code, Account, Date, Credit, Debit, and Balance. The table lists various account codes and their corresponding credit and debit balances.

It shows reverse balance accounts in current audit period.

Day Analysis

Date	Debit GLP	Credit GLP	Debit COGAT	Credit COGAT
10/1/17	11,829,492.90	11,829,492.90	1,822.00	1,822.00
10/2/17	7,945,896.21	7,945,896.21	2,219.00	2,219.00
10/3/17	4,981,492.24	4,981,492.24	932.00	932.00
10/4/17	5,152,522.84	5,152,522.84	952.00	952.00
10/5/17	4,999,396.42	4,999,396.42	966.00	966.00
10/6/17	46,222,462.29	46,222,462.29	4,402.00	4,402.00

It shows the sum of debit, credit, and record-count of accounting records according to seven days of the week and legal holidays.

Accounting Error and Tricks

Description	Header Number	Header Date	Header Type	Debit	Credit
Accounting Error - Transfer	58	10/02/2017	Transfer	26,792.00	26,792.00
Accounting Error - Transfer	58	10/02/2017	Transfer	66,792.00	66,792.00
Accounting Error - Transfer	58	10/02/2017	Transfer	81,456.00	81,456.00
Accounting Error - Transfer	58	10/02/2017	Transfer	2,028.00	2,028.00
Accounting Error - Transfer	58	10/02/2017	Transfer	4,804.00	4,804.00
Accounting Error - Transfer	58	10/02/2017	Transfer	60,960.00	60,960.00
Accounting Error - Transfer	58	10/02/2017	Transfer	67,864.00	67,864.00
Accounting Error - Transfer	58	10/02/2017	Transfer	10,008.00	10,008.00
Accounting Error - Transfer	58	10/02/2017	Transfer	20,008.00	20,008.00
Accounting Error - Transfer	58	10/02/2017	Transfer	60,960.00	60,960.00
Accounting Error - Transfer	58	10/02/2017	Transfer	20,008.00	20,008.00
Accounting Error - Transfer	58	10/02/2017	Transfer	4,804.00	4,804.00

- Shows troubled records according to predefined scenarios
- Flexible to create and update your scenarios.

Account Debit and Credit Analysis

Account	Debit	Credit	Debit Range	Credit Range	Debit Max	Debit Min	Debit Avg	Credit Max	Credit Min	Credit Avg
1000000000	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00	1,000,000.00
1000000001	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	0.00	2,000,000.00	2,000,000.00	0.00	2,000,000.00
1000000002	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	0.00	3,000,000.00	3,000,000.00	0.00	3,000,000.00
1000000003	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00	0.00	4,000,000.00	4,000,000.00	0.00	4,000,000.00
1000000004	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	0.00	5,000,000.00	5,000,000.00	0.00	5,000,000.00
1000000005	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00	0.00	6,000,000.00	6,000,000.00	0.00	6,000,000.00
1000000006	7,000,000.00	7,000,000.00	7,000,000.00	7,000,000.00	7,000,000.00	0.00	7,000,000.00	7,000,000.00	0.00	7,000,000.00
1000000007	8,000,000.00	8,000,000.00	8,000,000.00	8,000,000.00	8,000,000.00	0.00	8,000,000.00	8,000,000.00	0.00	8,000,000.00
1000000008	9,000,000.00	9,000,000.00	9,000,000.00	9,000,000.00	9,000,000.00	0.00	9,000,000.00	9,000,000.00	0.00	9,000,000.00
1000000009	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	0.00	10,000,000.00	10,000,000.00	0.00	10,000,000.00

- It shows the maximum, minimum, and average amount of debit and credit of each account.
- In this situation, we can see which accounts reach high volume with minimum records.

Substantive Tests



- Aging
- Tangible Fixed Assets
- Loans and Leasing
- Revenues
- Checks and Notes
- Financial Assets Held for Trading
- Marketable Securities in Trade Book
- Available for Sale Financial Assets
- Deferred Tax Assets/Liabilities
- Account Reconciliation

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Substantive Tests (cont.)



- Termination Indemnities
- Annual leave allowance
- Stock valuation
- Provision for impairment of inventories
- Impairment in asset
- Construction Contracts
- Bank Time Deposit
- Sampling

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Aging Analysis

Account Code	Account Name	Account Type	Account Subtype	Account Group	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup	Account Subgroup
10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000

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Reporting



Audit Closing

Quality Control Processes


Business Continuity

Events After Balance-Sheet

Financial Statements

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Advantages



- Time Saving
- Reducing Error and Fraud Risk
- Effective Workforce Utilization
- Improving Corporate Memory
- Easy Saving and Archiving All Audit Evidence
- Reviewing and Managing Audit from Everywhere

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Infrastructure & Working Logic

- Infrastructure
 - WinForm Application / Windows Service
 - Web Application (will be ready in 2018)
 - Client / Server Structure
 - SQL Server 2012 and higher
- Working Logic
 - Offline
 - Each team has a server and All auditors connect to this server.
 - Headquarter Office has main server and collect all audit data from team servers.
 - Online
 - One Server at Headquarter Office or Cloud
 - Connect to main server via internet
 - Using Terminal Server Client

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References

- Independent Audit Firm – 2.500 Auditors
 - Capital Markets Capital Of Turkey
 - Mazars Turkey
 - Baker Tilly Turkey
 - Moore Stephens Turkey
 - PKF Turkey Istanbul
 - Some Nexia Turkey Offices
 - Russell Bedford Turkey
 - IAPA International Turkey
- Turkish Court Of Accounts – 800 Auditors
- Republic Of Turkey Ministry Of Finance – The Internal Audit Coordination Board – 100 Auditors
 - 150 Government Offices (Ministries, Municipality and Universities)
- Union Of Chambers Of Certified Public Accountants Turkey (TÜRMOB) – 200 Auditors