Date

Computer Aided Audit Techniques (CAAT)

Definition

Computers aided audit technique is a practice to use computers to automate the audit process.
It refers to the techniques & Computer programs that are designed and developed to audit the electronic data or to audit the data which can't be audited normally.
CAATs normally includes using basic office productivity Software such as

- Spreadsheet (Excel)
- Word processors
- Text editing Programs.
- Some more advanced Software like statistical analysis & business Intelligence tools. (SAS), (Crystal Reports).
- Database (Access)
- Generalized Audit Software (eg. ACL)

Benefits of Audit software:

- To make Audit more rational.
- Improve the Audit quality & effectiveness of the auditors.
- make available an auditing trail.
- Many audit specific routines are used such as Sampling.
- Remove the probability of Sampling error.
- Enable generation of instant reports.
- Enable the capability to combine the data from different files to have an aggregate view of the data.

Scanned with CamScanner

Page No.
Date

Audit specialized Software may perform the following functions:

- Data Query.
- Data Stratification.
- Sample extractions.
- Missing Sequence Identification.
- Statistical Analysis.
- Calculations.
- Duplicate transaction Identification.
- Pivot table creation.
- Cross Tabulation.

Key Capability of CAAT

1. file accessibility; The modern accounting Software has capability to export data in several file formats. CAATs are capable of reading different record format & file structure by either importing data or through ~~ODBC~~ ODBC (Open Database Connectivity) applications.

2. file reorganisation; CAATs have the capability to link the related data from different file to common file to give a combine view of the entire data structure.

3. Data Selection: Application of various global filter enable the auditor to work on only on relevant data.

4. Arithematic & Statistical function: We can apply mathematical & statistical tool to ensure mathematical accuracy & to check for inconsistencies of data.

Scanned with CamScanner

Page No.
Date

Precautions while using CAATs

1. Understanding CAATs Software.
2. Identifying the correct data.
3. Collection of correct & relevant data files.
4. Identify Relevant fields.
5. Completeness of the data & the analysis.

Application of Excel as CAATs Tools.

1. Identifying gaps ; we can easily identify the gap in the data by sorting the data serially on the said column and can perform calculation as well.
2. Identify Duplicate Entries.
3. Identify extreme values / outliers – for extreme values, we can use Max or Min functions.
4. Stratification: The auditor may decide, to audit samples of strata than of complete record & can draw conclusion on the basis of result of sample drawn from different strata.
5. Helpful for Generating Analytical Reports using Pivot table in Ms. Excel.
6. Can split data based on different Groups.

Scanned with CamScanner