

Audit Software Implementation

By Matthew Dini, Audit Manager
Stephanie Bookheimer, Staff Auditor
Sam Pranckus, Trainer

Objectives

- What types of automated workpaper systems are currently used?
- Describe Chesterfield County Internal Audit's process of implementing an automated system.
- Discuss key steps we learned during the implementation.

Core Functions

- What are the core items we need to function as an audit shop?
 - Workpaper documents
 - Hours by project
 - Scheduling
 - Risk assessments to design your annual plan
- How many separate processes/documents do you have to complete the above items?
 - Access, Word, Excel, Automated System, etc.

Anticipated Outcomes of an Automated System

- Replace obsolete manual processes
- Easily review workpapers
- Improves value to customers
- Cloud hosted solution
- Increased telecommuting options

Obtaining Resources

- TIP (Technology Improvement Program)
- The IT Steering Committee (ITSC) has two goals with regards to technology investment decisions and the governance of the Technology Improvement Program:
 - *Maximize the return on investment for the county by making technology investment decisions that align to the strategic goals of the customers and the County.*
 - *Make the technology investment decisions consistently.*

TIP Process

Problem Statement:

Current audit documentation (or work-paper) system is an obsolete manual process to document project planning, performance, review, and reporting (by project and follow-up on open items) in accordance with auditing standards for all audits, and general office management (scheduling assignments by auditor, time tracking).

TIP Process

- Approved!
 - Our project was approved along with the rest of the County's FY16 Budget in April of 2015.
 - Approved implementation and first year cost of approximately \$82,000.

Project Charter

- Problem Statement
- Issue
- Scope
- Cost
- Level of effort (hours)

Scope

- Key functionality
 - Basic:
 - *Enable generation, storage, coordination, approval, and retrieval of audit and compliance working papers and reports.*
 - *Track employee time by project and individual employee, in categories to include project time, leave activity, and administrative time.*
 - Advanced:
 - *Ability for auditees to respond to draft audit findings and recommendations.*
 - *Ability to track progress toward completion of outstanding audit recommendations through a database of final audit recommendations and management responses by project and auditable units.*
 - Hosting?

Cost and Level of Effort

Potential Implementation Cost:

	<u>9/23/14 estimate</u>
License (up to 10 users)	\$ 38,000
IT installation services	5,000
Implementation Consulting	9,000
End-user training	9,000
External Hosting one-time set up	1,875
External Hosting (annual)	10,800
Rounding/Miscellaneous	1,325

Total Estimated Cost	75,000
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Ongoing cost:

External Hosting (annual)	10,800.00
Annual license maintenance and support	7,600.00

Estimated Yearly Operating Cost	18,400.00
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• Level of Effort:

- Internal Audit initial estimate: 1,000 hours
- Information Technology, 250 hours
- 1,250 total

Procurement

- Purpose
- Background
- Scope of work
- Evaluation criteria

Security

- Examples of security requirements from our RFP:
 - Describe your organization's SSAE No. 16 Attestation status.
 - Where data will reside?
 - How the application authenticates users?
 - What is the system's ability to set access based on role within the system?
 - How will the solution restricts access by user id?
 - Any software escrow assurance?
 - Verify Chesterfield County shall be notified within 24 hours of any confirmed data breach.
 - What are your password strength requirements?
 - What is your method of encryption of data at rest and in motion?

Evaluation Criteria

- Demonstrated ability to comprehensively perform all services detailed in the RFP.
- Offeror's approach and methodology employed in implementing, training and supporting the solution.
- Overall qualifications and capacity of the Offeror to provide the product and services desired.
- Experience and qualifications of the proposed personnel assigned to provide the services, to include experience administering contracts for local governments or school political subdivisions similar to the County and CCPS.
- Ongoing support for the solution including technical and user support, user community and evolution of the product in relation to the industry.
- Cost of Services.

- YES!! We chose MKinisght!

More Efficient Audit Processes

- Reduce redundant work paper documentation
- Improve relationship between
Risks → Controls → Tests

Implement System in Phases

- Create a task list to include estimated deadlines
- Get the basics down
- Train staff in phases before you try to teach them everything
 - Phase I: time reporting, stages, and work programs
 - Phase II: audit planning and scheduling
 - Phase III: annual follow-up and final reports via portal
- Determine next important phase of system

Implementation Effort

- Estimate from charter: 1,000 hours
- Estimate from FY17 audit work plan: 1,200 hours
- Actual FY17 effort: 1,600 hours
- Ongoing effort: 200 hours per year maintenance and fine tuning

What Did We Get Out of MKinsight?

- All of the core functions of an audit shop in one place:
 - Annual Plan
 - Scheduling
 - Projects including work programs and questionnaires
 - Time Reporting
 - Risk Assessments
 - ERM
- Increased efficiency of audits and administrative duties
- Improvements to current processes and procedures