

Electronic Audit Working Paper for Telecommunication Industry

Tanawat Ruangteprat

Faculty of Science and Technology, Assumption University
Bangkok, Thailand

Abstract Growth of internal auditing now embraces wider concepts of corporate governance, risk and recognizing control exist an organization. The role of the internal auditor is increasing in order to add more value to the entire organization. Then audit-working paper becomes vital to effective and efficient functioning of the audit engagement team. The use of electronic working paper enables more efficiency ability of an organization to electronically store, access, and deliver business documents associated with audit work from any location to any location at any time.

Keywords: Internal auditing, electronic working paper, engagement activity, management information system (MIS) report, project management, term of references (TOR), knowledge management (KM)

1. Introduction

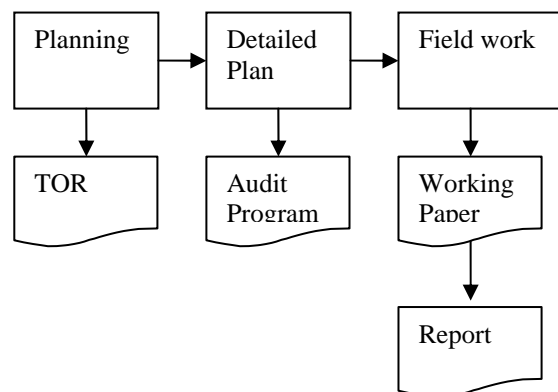
The traditional role of internal audit is well documented and understood. It centers on the examination, evaluation and monitoring. However, even within the narrow context, the contribution by the internal audit is potentially of major importance by ensuring that an organization's control which are

- Improves accountability.
- Promotes ethical and professional business practices.
- Advances risk management.
- Enhances communications, decision making and performance reporting.

- Contributes to quality outcomes or results.

In June 1999, the Board of Directors of the Institute of Internal Auditors (the IIA) approved the new definition of internal auditing as follows:

“Internal auditing is an independent, objective assurance, and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplines approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Regarding to the above definition, nowadays the auditors are aware of the understanding about the business including the environment in which that business is conducted in order to meet the business objectives.



Figurer 1 Internal audit roles and responsibilities

The internal auditors are responsible for planning and conducting the audit

assignment, subject to supervisory review and approval. Audit working paper is the medium through which the team performs and tracks engagement activity, including gathering evidence. Traditionally audit working paper has been maintained in voluminous paper files that are transported to and from the client's workplace in secure containers.

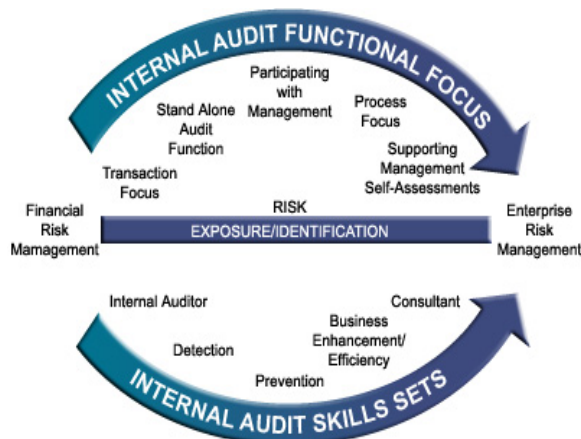


Figure-2 Internal audit functional focus and skill sets

The PricewaterhouseCoopers (PWC) studies have shown that on average, auditors spend in excess of 50% of their time in planning, documenting and reviewing audit work as shown in the table below:

Table-1 PWC

Audit Tasks	Percentage
Planning	8%
Documenting	33%
Review	8%
Report Preparation	7%
Auditing	28%
Scheduling & Time Keeping	3%
Travel & Meeting	4%
Other	9%
Total	100%

According to the internal auditing definition and the business competitions, then cost

saving, productivity increase, more revenue generation and customer champion has been considered to make the effectiveness of control in an organization.

2. Working Principles

Internal audit working paper can be recognized as a kind of management information system (MIS) report that supports management's decision. The following are few examples of internal auditing activities regarding the efficiency of work:

- Using project management information covering milestones reached versus those planned, actual dates versus target dates, and resources used versus those budgeted.
- Reducing the layers of control, speeding up decision making and create more shared services.
- Reducing operational costs by contracting out work, when justified.
- Developing better systems and work methods, including appropriate use of technology.
- Improving staff productivity through such things as better requirement, training and development, improved working conditions, incentives, and recognition of good performance.

Therefore the electronic working paper system becomes the technology adoption which revolutionized the audit documentation process to reduce the storage cost, facilitate communication and improve audit efficiency in audit team's movement toward team performance utilization. Then the maximized value will be enhanced.

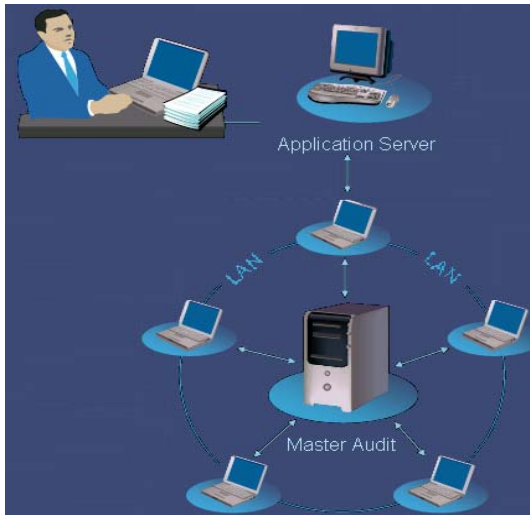


Figure 3

3. Analysis and Discussion

Telecommunication industry has been selected as the scope in this study in order to show the result of implementing the electronic working paper system. As the results of implementing electronic working paper, all audit information and project implementation of the internal audit team will be automatically kept in an up-to-date manner via online user interface and online queries. Report generation function will be provided on a timely basis to support the management's decision making.

The testing environment has been set in order to test the consumption of the cost and time between electronic working paper and traditional working paper. Term of reference (TOR) recording test has been conducted as the case.

3.1 Time reduction

The degree of achievement of time reduction has been shown below:

1. Data recoding/entry process
Traditional system: 60 minutes
Electronic system: 15 minutes
2. Data update process
Traditional system: 15 minutes

Electronic system: 3 minutes

3. Historical data retrieval process
Traditional system: 10 minutes
Electronic system: < 1 minute

4. Reports generation process
Traditional system: 60 minutes
Electronic system: 2 minutes

3.2 Operation cost reduction

Assume that the wage per hour of internal auditor is 300 baht then the cost comparison of audit work on TOR recording could be shown as below:

Time consumed cost
Traditional system: 725 baht
Electronic system: 100 baht

Therefore implementing electronic audit working paper could save 86% from original time and operation cost spending on TOR recording.

From the survey we found that in overall auditing performance, the average time and operation cost will be saved around 60% of the whole project and the voluminous of paper work will be decreased 50%

4. Summary and Future work

All aspects of the audit preparation, review, report generation and storage into an electronic format help making accessible to multiple individuals in diverse locations. It can be opened as "the electronic container" approach. Additionally gives specific audit team's flexibility to the amount and content of information stored within the audit file and thereby providing a central repository for the engagement team.

The amount of time and cost consumption to complete audit tasks are

ultimately decreased, which benefits to faster access through the audit information, enhance the accuracy of information and also increase the employee job's satisfaction. Eventually, it challenges for the internal audit team to prepare for future expansion in computerized information system.

Knowledge management (KM) can be applied and integrated as the future work in order to enhance the audit standard and audit criteria.

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