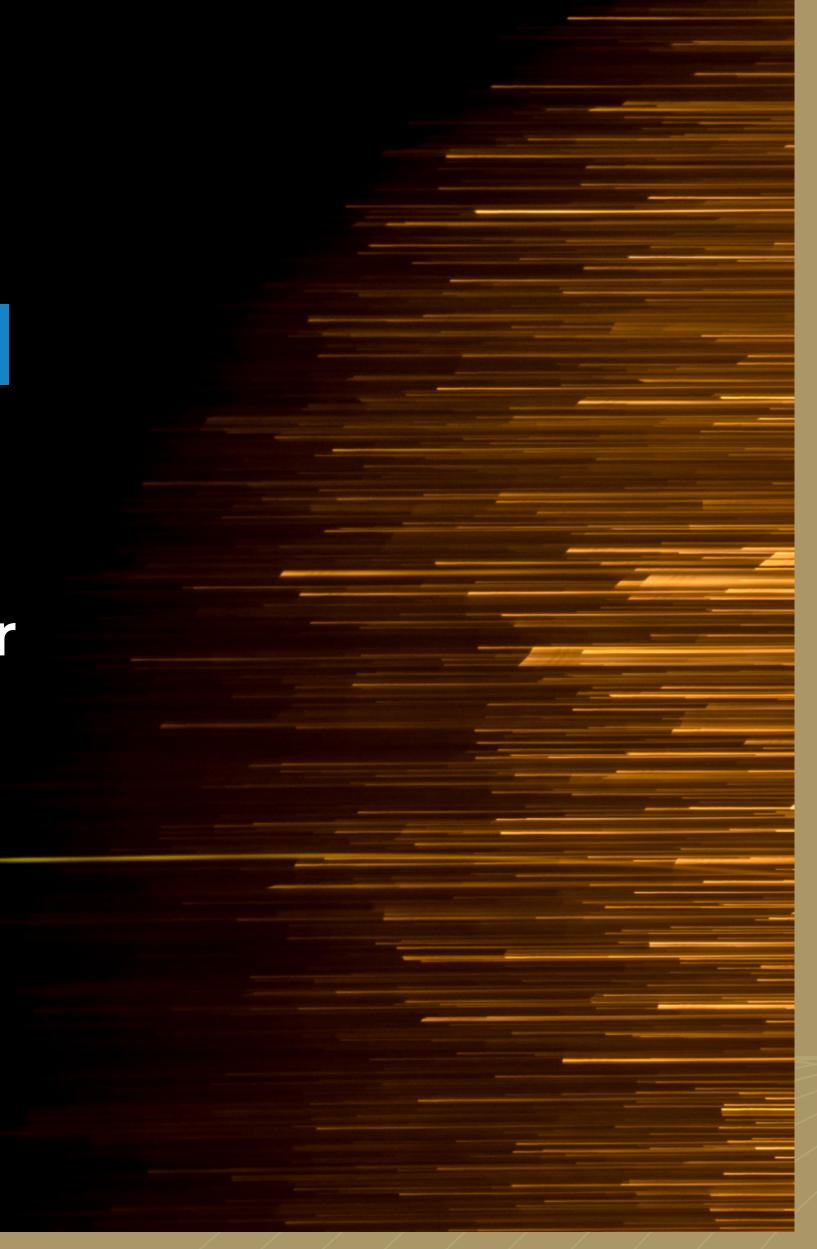alteryx

5 Common Audit Processes You Can Automate In One Week

Audit e-book

> **Organizations with weaknesses in underlining transactional accounting processes** can see error rates as high as 16% in their internal financial reports. "

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Almost every spreadsheet contains an error, and that's bad news for those who oversee the audit process, like you.
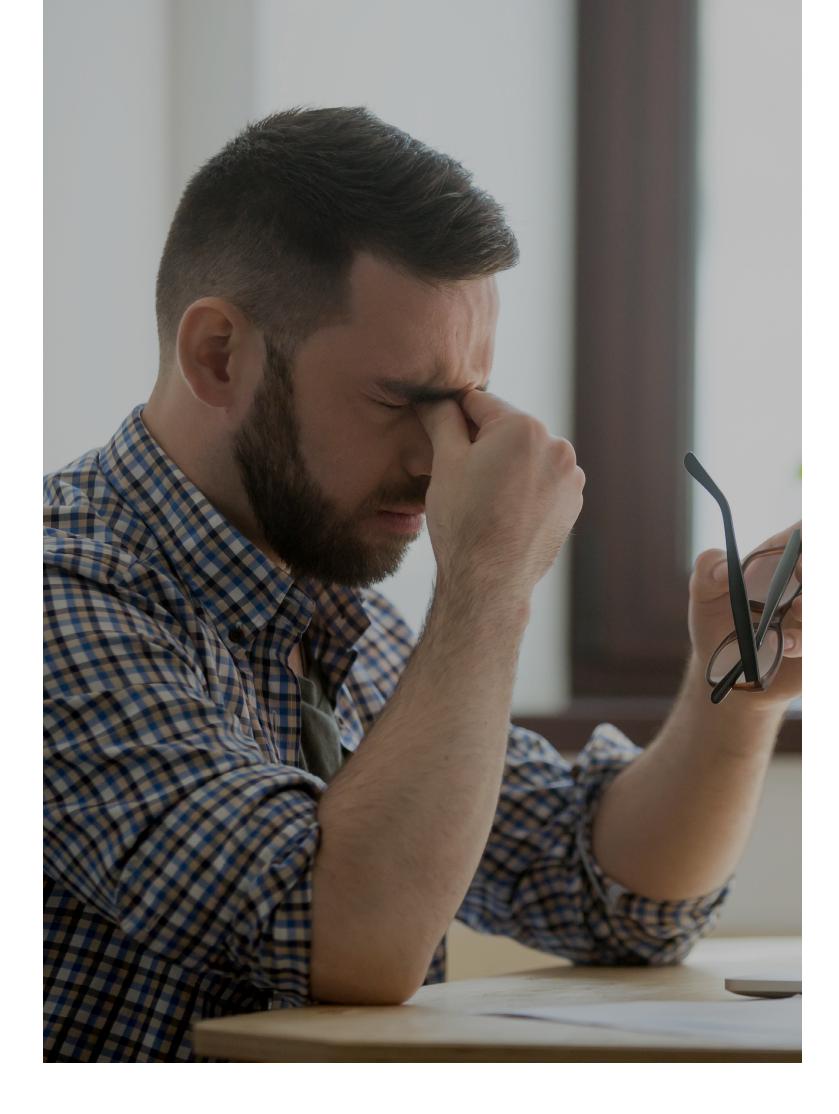
In fact, "Organizations with weaknesses in underlining transactional accounting processes can see error rates as high as 16% in their internal financial reports…"

What's more, the reason for the errors is almost always the same: Manual processes that are time-consuming and don't produce any direct value.

37%
of analyst time is spent searching for data

26 hours
per week are wasted in spreadsheets

13%
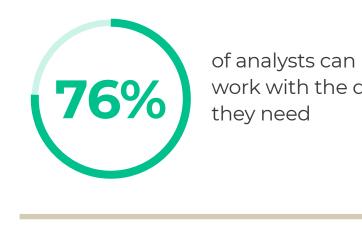of data science models never get developed

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These types of problems not only lead to costly errors, they also lead to burnout. The good news is the same problems that cause burnout can also be solved with analytics automation.

Analytics automation does exactly what you think it does — it automates the work that goes into auditing.

Data import and export. Data preparation. Advanced analytics. Reporting. Risk assessment. Visualization. Etc.

In fact, with modern analytics, such as analytics automation, analysts can not only speed up repetitive processes, they can also take charge and save time for other departments.

With analytics automation:

76% of analysts can work with the data they need

72% of analysts don't need IT assistance to create insight

66% of analysts can connect and consolidate repeatable processes

66% of analysts can standardize and integrate source data for analysis

> **It's easier to train accountants how to use advanced analytics than it is to train developers accountancy.**

Analytics automation Analytics automation is so beneficial for teams that, in some instances, companies have realized that it's easier to train accountants how to use advanced analytics than it is to train developers accountancy.

And those benefits expand to you.

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Empowering your analysts

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For you and your team, **empowering your analysts to automate as much as they can** throughout the auditing process ensures a few things.

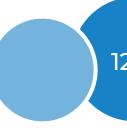### 1. You get faster results.

33% of financial leaders say they need faster information delivery and analysis. When you automate the audit process, you can perform audits faster, sometimes in minutes.

2. You have fewer errors, if any.

The average **error impact per spreadsheet is $10 million**. Advanced analytics can detect anomalies and perform risk classification, which is especially important with the constant changing of regulations.

3. You can scale.

Analysts spend **8 hours per week repeating the same tasks**. Along with expanding how much more your team can do, analytics automation allows anyone to apply automated machine learning to identify potential issues and risks.

Not only that, but automating manual tasks turns your organization into an analytically mature organization, and analytically mature organizations have the advantage over their competition

Performance of Analytically Mature Organizations

11% increase in revenue,

120% which is a 120% increase over their competitors

9% improvement in operating margin,

125% which is a 125% increase over their competitors
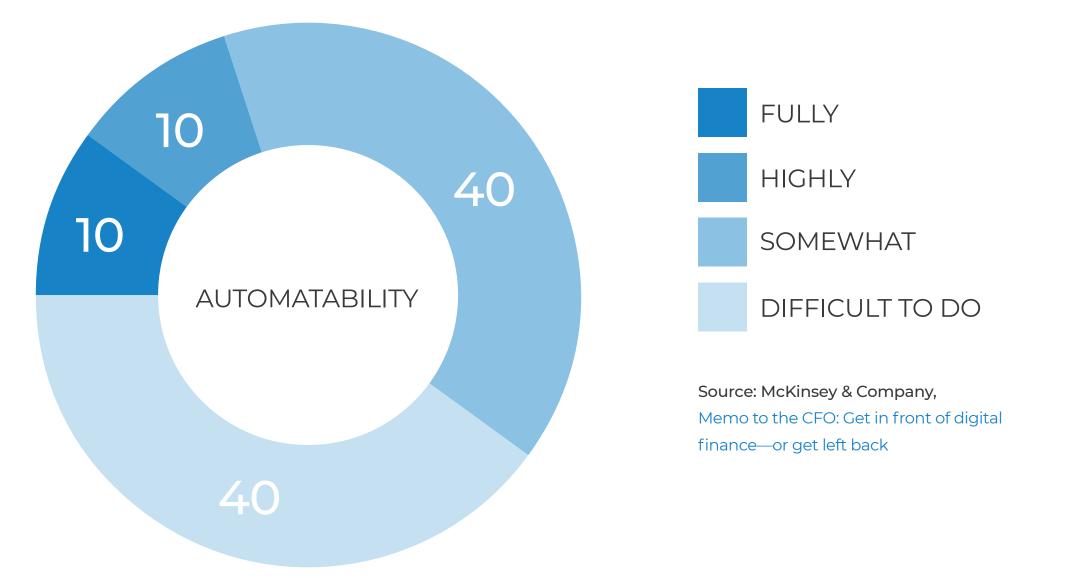
Source: IMA, 2016

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So, analytics automation can reduce or eliminate errors, speed up processes, reduce team churn, and provide revenue and operating margin wins.

Which brings up two questions: What parts of the audit process can you automate, and how much of it can be automated?

The answer is quite a bit, actually.

According to McKinsey,

60% of the audit process can be somewhat, highly, or fully automated.

AUTOMATABILITY

- FULLY
- HIGHLY
- SOMEWHAT
- DIFFICULT TO DO

Source: McKinsey & Company,
Memo to the CFO: Get in front of digital finance—or get left back

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What parts of the audit process can you automate?

In case you're wondering what some of those are, here are two charts that show you which areas you'll see the most value from automation and how much effort it will take to achieve each.

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Revenue, General, and Asset Accounting

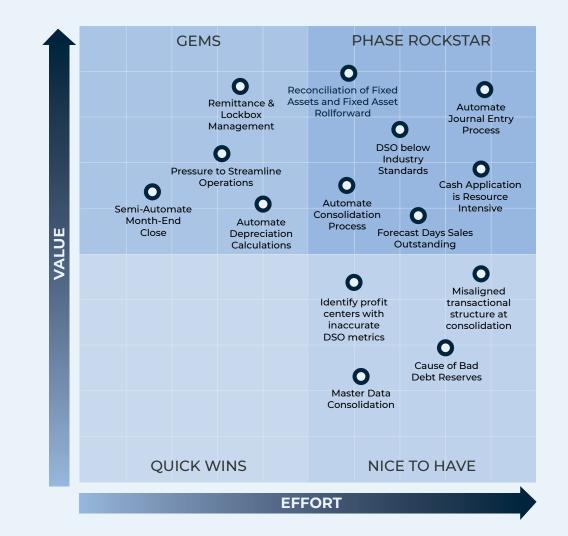Top Most Commons Uses of Alteryx in Accounting:

Revenue Accounting

1. Pressure to Streamline Operations
2. Remittance and Lockbox Management
3. DSO Below Industry Standards
4. Cash Application is resource intensive
5. Insight into Cause of Bad Debt Reserves
6. Master Data Consolidation

General Accounting

1. Automate Aspects of Month-End Close
2. Forecast Days Sales Outstanding
3. Identify profit centers with inaccurate DSO metrics
4. Automate Journal Entry Process
5. Misaligned Transactional Structure at Consolidation
6. Automate the Consolidations Process

Fixed Asset Accounting

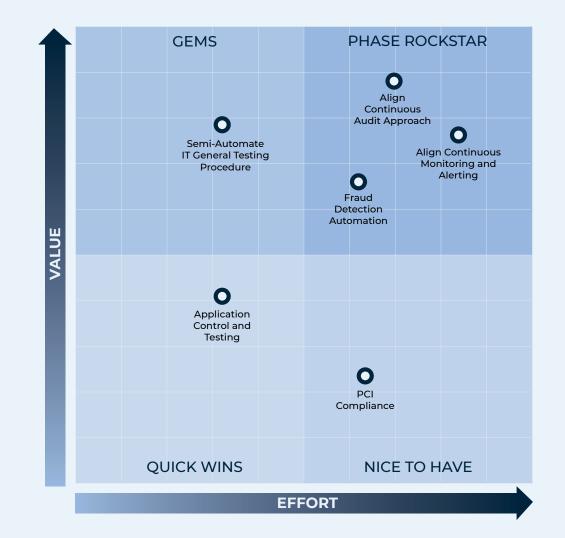1. Automate Depreciation Calculations
2. Reconciliation of Fixed Assets and Fixed Asset Rollforward

Audit and Controls is constrained by time, automation of data process enables more accurate, robust analysis

Top Most Common Uses of Alteryx in Controls & Audit:

1. Align Continuous Monitoring and Alerting
2. Align Continuous Audit Approach
3. Fraud Detection Automation
4. Semi-Automate IT General Testing Procedures
5. Application Control and Testing
6. PCI Compliance

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Of course, those two charts contain a lot of different areas you can automate. And you won't be able to tackle them all at the same time.

But that's okay. Because the best thing you can do is to start with areas that are easy to automate and use the time savings you gain from them to address the tasks that need more time and effort.

So, which ones should you tackle first? We'd recommend these five.

1. Populating testing

Instead of using sample populations to draw conclusions, your team can audit the entire dataset. The result is less risk and the immediate analysis of tens of thousands of documents.

2. Substantive testing

With analysis and advanced analytics automated, you and your team can automatically examine financial statements and supporting documents for errors, verifying everything is accurate and complete in seconds.

3. Risk analysis calculations

Analytics automation creates a continuous audit cycle with complete source documentation and predictive analysis to find potential errors or fraud to predict risk.

4. Compliance documentation

You and your team can automate the review of statements and other financial to ensure they're complying with regulations. More importantly, you can quickly update processes as regulations change.
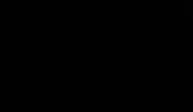
5. Internal control testing

Automate internal control testing processes to identify potential issues with financial records that lead to elevated risk. Improve processes across the organization for financial reporting, compliance, and more.

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How you and your team can start today

The first thing you and your team should do is identify the processes that contain the most repetitive and manual tasks.

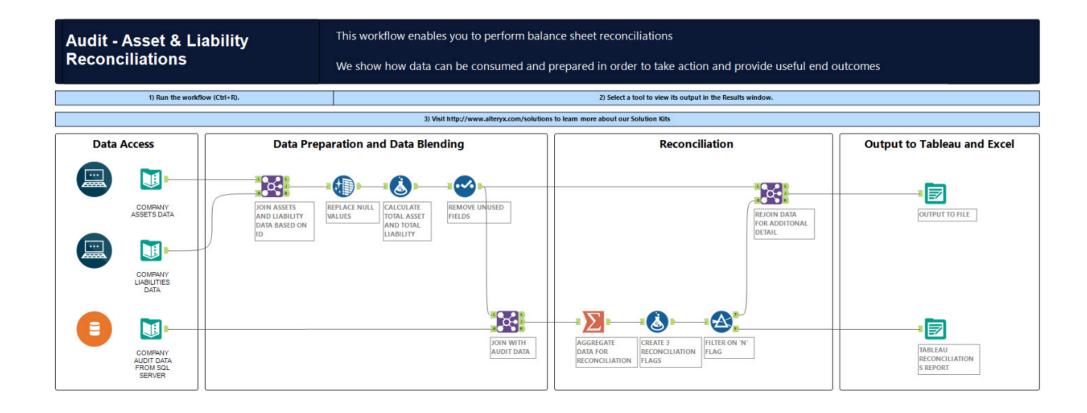alteryx

When you're ready, automate them.

How you do that is up to you. But, if you're at this point already, odds are good you don't have an analytics automation solution in place yet.

While you could start anywhere, we do want to point out that you can save time with pre-made, automated processes.

You can find them in our Financial Analytics Starter Kit. There's no cost, and you and your team can use the workflows to automate the following:

- Populating testing
- Substantive testing
- Risk analysis calculations
- Compliance documentation
- Internal control testing

Your team will need Alteryx Designer to use it, though, so we've provided a free 30-day trial to get started.

And, although it's intuitive, we also have resources to help everyone get started.

- Community — A group of dedicated Alteryx experts and everyday users who help others build workflows, solve problems, and automate analytic processes
- Alteryx Academy — A collection of videos and lessons to help familiarize new or current users with the automated functions within Alteryx Designer
- Predictive Analytics Training — A nanodegree program co-developed by Alteryx and Udacity that equips users with in-demand skills (no programming experience required for enrollment

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5-7 day audit process reduced to 15 minutes.

An airline company modernized its audit program to save nearly $1M per year and reduced its audit process from 5-7 days to 15 minutes. Read their story.

Blueprint for Building Successful Analytics Center of Excellence

Step One
Identify Use-Cases +
Align Organizations

Identify a beneficial use case
Define mission and goals
Seek executive sponsorship
Align with IT and your organization
Effectively communicate the why / ROI potential

Step Two
Create A
Self-Service
 Model

Develop a self-service and self-paced learning program or training module
Create or find a strong and supportive internal/external community for learning
Establish a centralized location for data and analytic process

Step Three
Amplify Your
Success

Protect potential ROI of new projects
Share success with your organization

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"Prior to Alteryx, if the team were to write a workflow in R, it would have taken them three times as long to do and leadership would have to review a 5,000-line R script. Instead, the team can show leadership an Alteryx workflow that illustrates conceptually how they got from point A to point B. **This process has successfully identified high-risk relationships that were investigated and addressed in a timely manner."**

Carnival Cruise Lines

"Instead of testing a sample of all transactions, **Alteryx has allowed Aetna to test 10 Million transactions to ensure they address all risk."**

Sundar Victor

"With Alteryx, I let the workflow do all the work for me and I spend most of my time analyzing the data and finding insights that might help our clients. **I didn't go to school to cut and paste."**

Zara Muradali, Anthony Stola, Alex Schmitt

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