



Update

# About CaseWare Analytics



160,000 Users in 130 countries working in  
16 languages

# Customers

**160,000**

Users in three principal market segments:



**CPA Firms**



**Corporations**



**Government**

## Highlights:

- Top 10 global public accounting firms
- Global licenses with 3 of the top 6
- 75% of the top 100 US accounting firms
- Government auditors for 9 of the 15 largest economies
- Blue chip corporate customers across all business segments

# CaseWare Analytics

- Some observations from the market

# Observations on Continuous Monitoring/Continuous Auditing

- Continuous monitoring
  - Solving “REAL” problems for the business.
  - Not just for the goodness of monitoring.
- Continuous auditing
  - Auditors still relatively conservative.
  - From 1999 study, continuous reporting will drive demand for continuous assurance. Not much has changed.

# Standard Chartered

- 2012 fined \$340m by NY DFS for AML failings.
- August 2014 fined a further \$300m for not having made sufficient improvement.
- Broader business impact:
  - suspension of dollar clearing for Hong Kong clients
  - exiting high-risk business in UAE
  - no new dollar clearing clients or accounts without NYDFS approval

# Commerzbank

- March 2015 fined \$1.45bn by US regulators for:
  - Sanctions breaches involving Iran & Sudan as well as Olympus (Japanese firm engaged in accounting fraud)
  - Failure to maintain an adequate AML program
  - Failure to establish due diligence for foreign correspondence accounts
  - Failure to report suspicious transactions
- Settlement with NYDFS required termination of a number of employees

## Caesars Fined \$9.5 Million Over Lax Money-Laundering Controls

Company admits wealthy patrons gambled anonymously at its flagship Las Vegas casino







# U.S. Securities and Exchange Commission

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## SEC Charges Avon With FCPA Violations

### Avon Entities to Pay \$135 Million to Settle SEC and Criminal Cases

**FOR IMMEDIATE RELEASE**  
**2014-285**

*Washington D.C., Dec. 17, 2014* — The Securities and Exchange Commission today charged global beauty products company Avon Products Inc. with violating the Foreign Corrupt Practices Act (FCPA) by failing to put controls in place to detect and prevent payments and gifts to Chinese government officials from employees and consultants at a subsidiary.

## NEWS

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# Alstom to pay \$772m fine to settle bribery charges in US

🕒 22 December 2014 | [Business](#)

## Credit card fraud, misuse found at 5 Florida universities

- \$150,000 in improper or unverified expenses at 5 universities
- Expenses approved without receipts
- Split purchases to avoid single-purchase limits
- \$13,000 disguised in altered receipts

**FIU shrank its P-Card program and reduced cards by 22% due to lack of confidence in the program.**



## Pentagon credit cards used for gambling and escorts

- \$952,258 at casinos
- \$96,576 on adult entertainment
- \$12,000 at a California coffee shop
- P-Card misuse could cost the government hundreds of millions of dollars a year

**Abuse is reported despite the Government Charge Card Abuse Prevention Act of 2012 which requires periodic audits by Inspectors General.**



# Enterprise Analytics

- CaseWare Monitor v5
  - New Solutions for:
    - AML
    - Sanctions Screening
    - P-Cards and T&E
    - Vendor Risk Management
    - Anti-corruption
  - Cloud subscription option
  - Revamped user experience
  - Certified Concur connector
  - Federated Identify Management

Turning to audit data analytics.....

“What is rather puzzling is how these findings remain so consistent in every year of our study.”

- 2015 Internal Audit Capabilities and Needs Survey

# Observations on Audit Data Analytics

A recent global survey by the IIA found that only 40% of CAE's feel their departments' use of technology is appropriate or better, and that the use of data analytics has only increased 14% in the last 9 years.

Some of the main issues around implementing data analytics are:

- how to get started
- how to get the relevant data
- how to handle exceptions



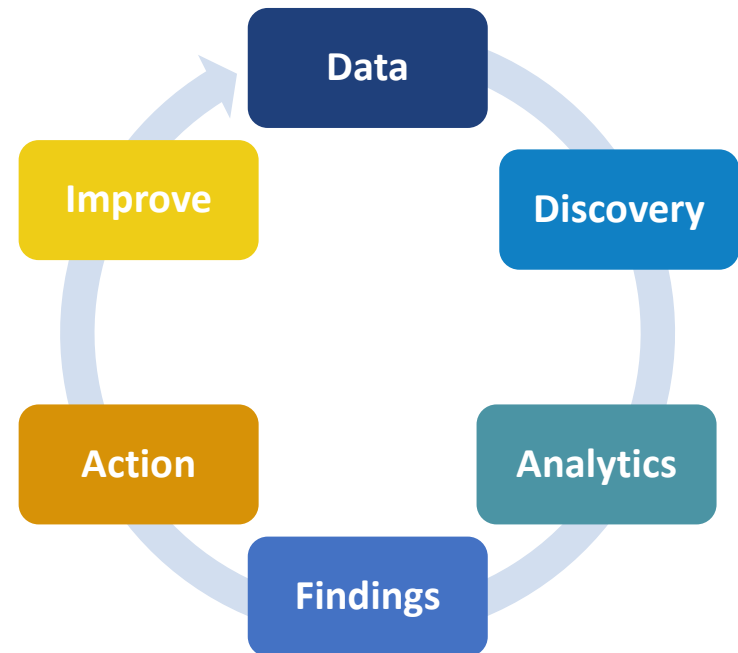
# Audit Analytics

- IDEA v10
  - Intelligently discover anomalies.
  - Interact through visualization.
- From data access to insights faster:
  - Use analytics and visualization right from the start of your audit planning process
  - Acquire the right data
  - Assign risk factors to exceptions for better productivity

# The Value of Data Analytics

We allow customers to gain insights into their risks and internal controls through the use of data analytics and visual discovery.

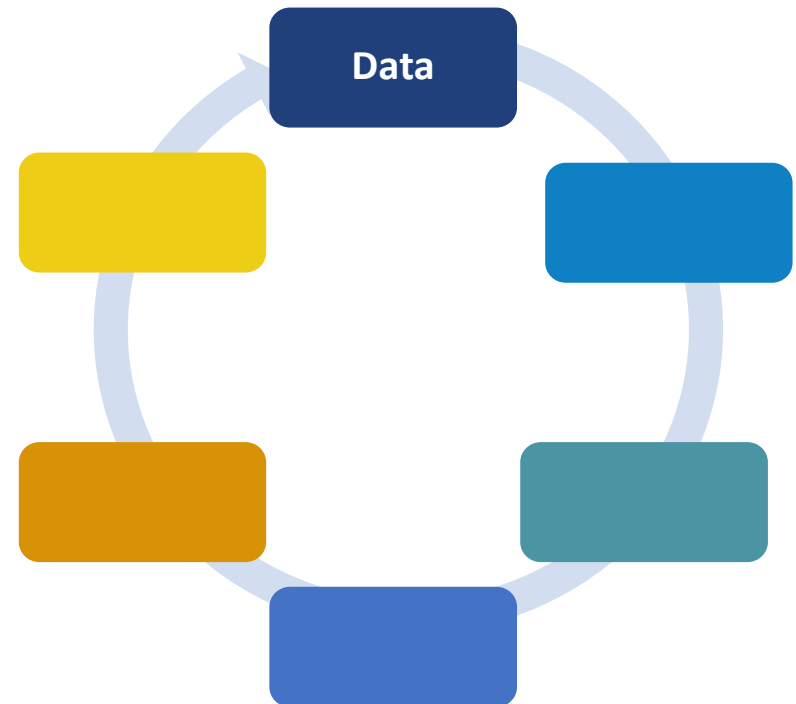
Our goal is to enable customers to continuously improve their business processes.



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# Data Availability and Understanding

What are we doing?



**Easy Imports from  
PDFs, Reports, ERPs**



**Participating in  
Data Standards**

# Data Standards



SAF-T



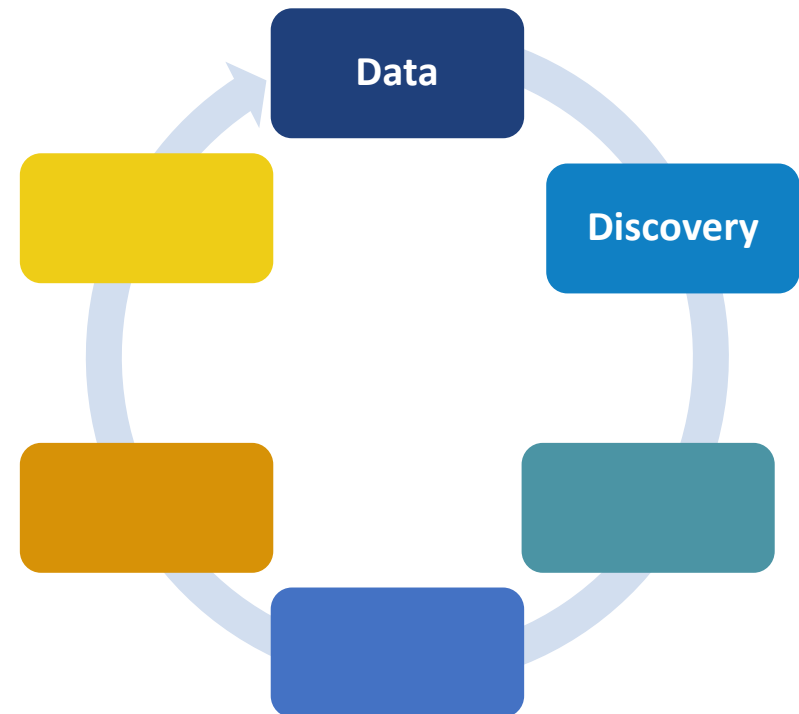
AIS



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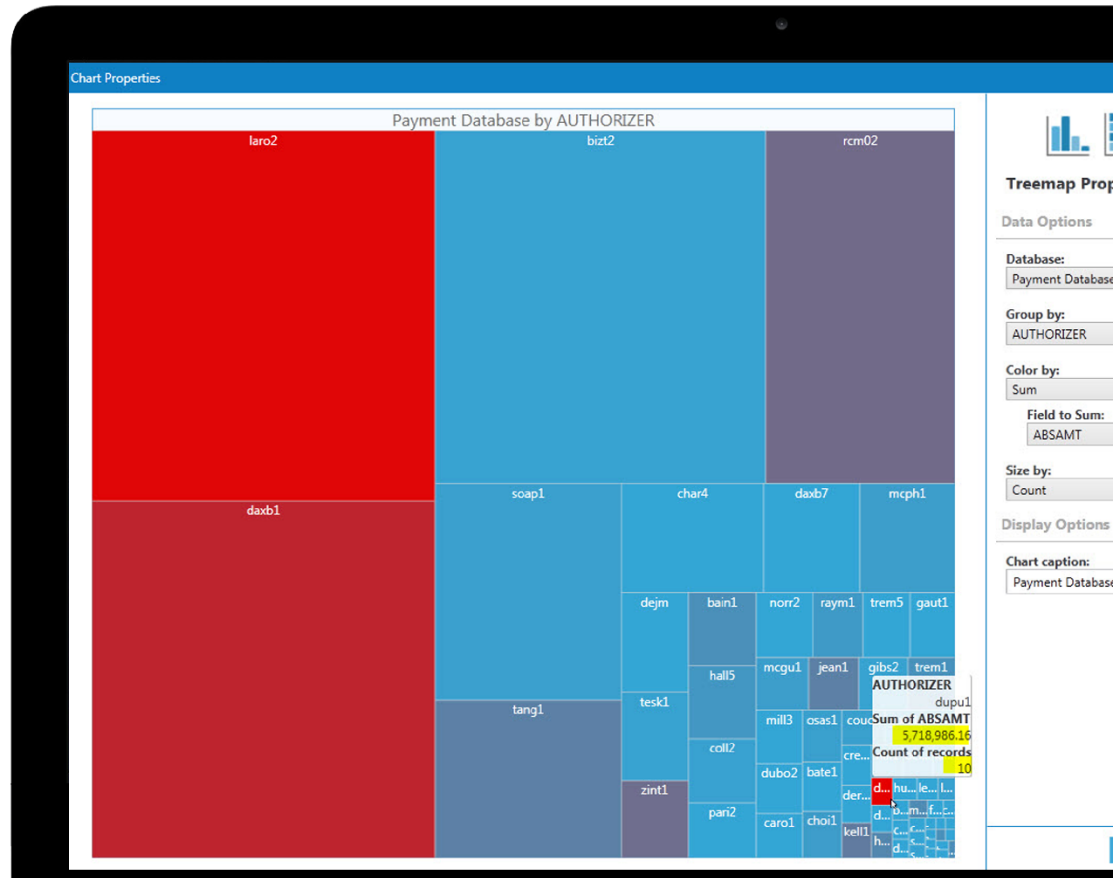
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# Visualize: Explore your data

See inside your data visually and delve deeper to gain insights.

Customize a dashboard window with up to 10 panels of field statistics and graphs.



# Exploring – Getting Insights

- Explore your data visually
- Look at exceptions, suspicious transactions, anomalies
- Know your data
- Sandbox
- No audit trail





# Discover: One-click analysis and access to insights

**Discover** provides deeper insights about your data, quickly showing you where anomalies or outliers may be hidden.



Last edited on:  
Mar 04 2015

Last edited on:  
Mar 31 2015

Last edited on:  
Jul 07 2015

Last edited on:  
Aug 07 2015

Last edited on:  
Mar 04 2015

# Discover – Generic Analytics

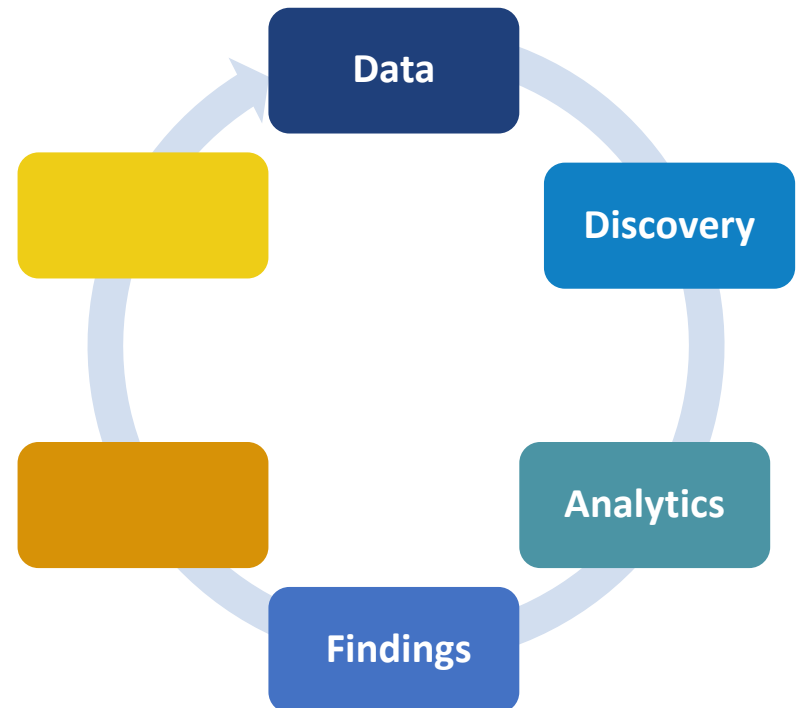
- Identify most relevant fields (Categories, Amount, Date)
- Relevant Fields Statistics
  - Import/conversion errors
  - Blanks or zero items
  - Negatives
  - Weekend
- Informative Statistics (Net value, Average...)
- Amount/Date Distribution
- Highlight Outliers – x times the standard deviation
- Create most useful charts using categories



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# Analytics - Challenges



Programmed  
Point and Click  
Tests

- 5,345 non-Benford's law compliance
- 453 transactions on Sunday
- 1,290 transactions with no comments
- 329 adjustments after year-end
- 637 posted before 6 AM
- 231 rounded amount
- 29 rare accounts combination
- 31 duplicate journal entries or invoices

“We are working on that issue of false positive which is a huge barrier to those who are trying to implement such analysis”

- Bob Cuthbertson

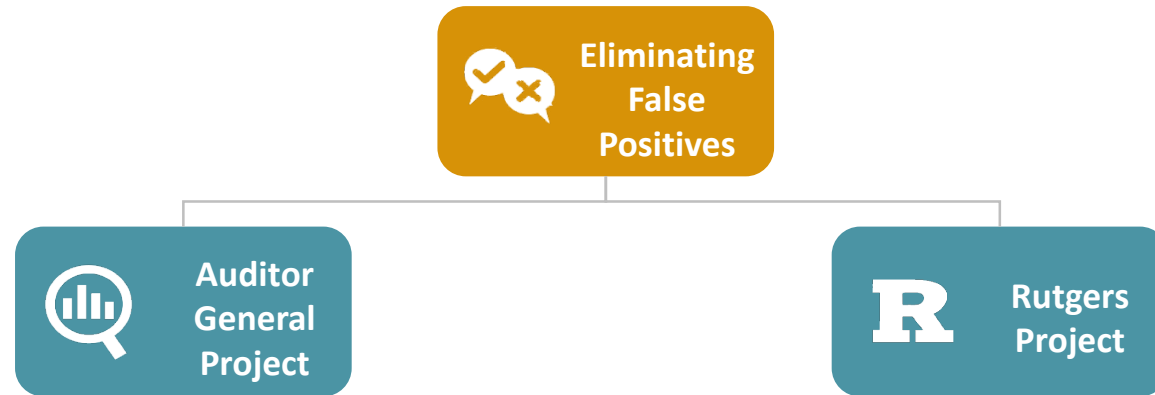


The Future Developments of Continuous Auditing Software

 Rutgers Accounting Web  
[Subscribe](#) 10,164

1,631

# Risk-based Sample (Exceptional Exceptions)



- How to make sense of a huge amount of results from analysis?
- Developed in collaboration with the OAG (GAO in Canada) for creating sample to address Fraud (SAS 99 (PCAOB Audit Standard AU 316), Sarbanes Oxley)
- Similarities and links with Rutgers PHD and PHD students dissertations (Hussein Issa, Ph.D – Exceptional Exceptions)





- + TARGET AUDIENCE
- + APP LANGUAGE
- + IDEA VERSION
- + APP CONTENT



### Risk-based Payroll Testing

Suite of tests designed to analyze employee and payroll data to rank potential violators by risk level in a scorecard format

**\$100.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### Looping Search

Search one or multiple fields using a list of key words or wildcard fragments to quickly identify fraud.

**\$50.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### Address Cross Checker

Easily performs fuzzy matches for address information to reduce false positives and find true matches.

**\$50.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### Excel Export Utility

Easily export multiple IDEA databases into separate worksheets in Excel and automatically name each sheet.

**\$25.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### Financial - SAP Data Requests And Import

SAP-specific Data Request for running the audit tests of the Financial app

**\$100.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### Word List Maker

Create a unique list of words found in a selected field to identify frequently used words.

**\$50.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### Duplicate Excluder

Refine duplicate key exclusion to conduct fuzzy duplicates and reduce false positives.

**\$70.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### Accounts Receivable

Audit tests for analyzing accounts receivable

**\$50.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### IS Fraud Tool Kit

Audit tests for highlighting suspicious transactions

**\$98.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### Financial

Audit tests for analyzing the general ledger and subledgers

**\$295.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)



### Fixed Assets

Audit tests for analyzing fixed assets

**\$40.00**  
Excl. 19% VAT

Available Languages

[→ Details](#)

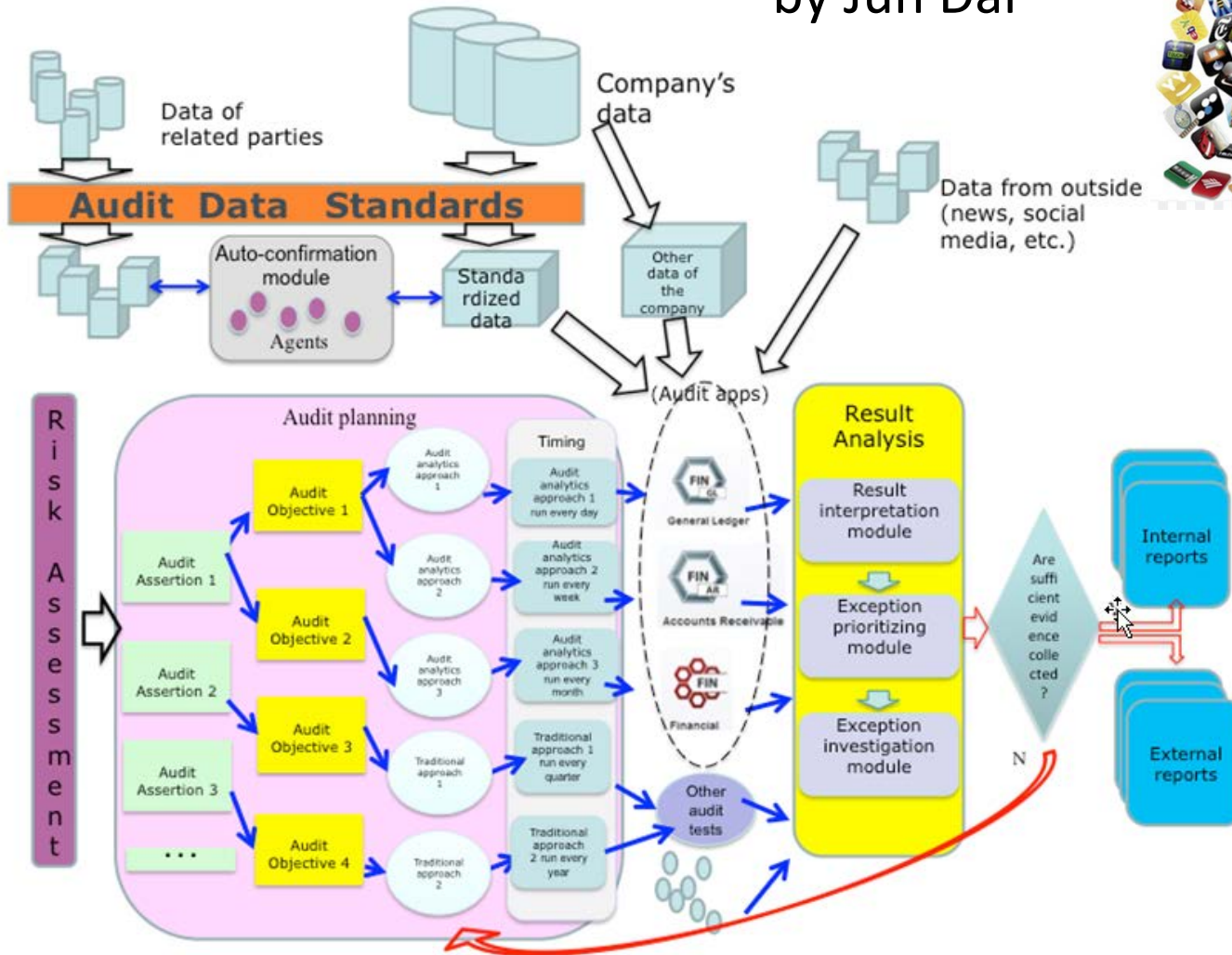
# Future Developments

- Improving the risk-based sampling
- Expanding risk-based sampling to more processes
- Creating more apps
- SDK (Consulting team, partners)



# An Exploratory Study of Using Recommender Systems for Audit App Selection

by Jun Dai



# Future Developments

- Improving the risk-based sampling
- Expanding risk-based sampling to more processes
- Creating more apps
- SDK (Consulting team, partners)
- Continue our partnership with academics (Rutgers/Waterloo)

# To Summarize



# Questions?

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Thank you for your time.