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| *AA Staff Audit New Staff:* Lesson 4: Obtain an Understanding of a SCOT  **Video:** Helix / GL Analyzer | | |
|  | **Image** | **Narration** |
| 1 |  | The audit profession faces an ongoing challenge: being responsive to the rapid expansion in the amount and range of data that today’s entities produce, and the technology available to process that data. |
| 2 |  | At EY, we are meeting this challenge.  100% of EY’s auditing technology has changed completely or been updated in the last three years. |
| 3 |  | To meet this high rate of change, we have enhanced the way we deliver our audits through the use of data analytics. |
| 4 | Show image:    "We are living in a world where everything is based on data ... Our work must evolve. It is imperative we change the way we do audits ... We must use all of the data and do samples on transactions that are unusual or unexpected … We must change … We must be innovative.” **– Partner, pilot engagement”** | We use data analytics for analyzing an entity’s data in order to obtain a meaningful understanding of an entity’s operations which can be used to set expectations, corroborate management’s assertions and derive audit evidence. |
| 5 | Show image: Show the information flowing from the left circles, into the processing unit (middle circle with graph), and into the Benefit column. (Replace “What, How and Who” text in right rectangles to “Insight,” “Risk,” and “Material Misstatement.”) | The results of our analysis provides for a deeper understanding of an entity’s business and processes, can help identify areas where risk of material misstatement may be present, and enables the audit team to develop an appropriate audit response to those risks. |
| 6 | Show this screen showing the capture of 100% of the client’s information. | When we use data analytics, or perform a “DA” audit, we obtain 100% of all of the relevant data as opposed to relying solely on audit sampling. |
| 7 | Show a business building and a magnifying glass looking for more meaningful insights. Find an object and then present it to the client.  Show image:    “The questions the auditors were asking were the interesting areas of the financial statements …The data analysis tool was focusing the auditor on the right areas ... ” **– Client CFO,”** | Analyzing the full population leads to more meaningful interactions with management as we are able to focus on areas of identified risk and are able to ask better questions, providing an audit focused on what matters. |
| 8 | Show this image:    Show this image: | At EY, EY Helix is our data analytics suite, which brings together various analytics tools that are used across the globe. |
| 9 | SHOW TEXT: “General Ledger Analyzer" as it is stated in the appropriately branded font (similar to fonts above). | The most common tool in Helix you may utilize is GL Analyzer. GL Analyzer is a Microsoft Excel based interactive data analysis tool. |
| 10 | * Show the renamed “Benefit” column to GL Analyzer column from the above image to the left of the screen. * Draw an arrow from the column to an icon for Microsoft excel. * Circle or highlight the renamed “What” top box to “Process Map” located in the column.     Icon for Microsoft excel | The first GL Analyzer report you will utilize as part of the Summit Equipment audit is the process map. |
| 11 | SHOW TEXT: “SCOT” on a screen as the word is stated in narration.   * Show an image of a report that has “process map” on it in the middle of the screen under the word SCOT. * Animate the process map report image to slide to the right of the screen and draw an arrow to the left side across the screen, ending with an image symbolizing a transaction (money, cash, etc.). * Show a magnifying glass over the transaction image (money, cash, etc.).   Place a green checkmark image on the screen indicating it is in line with our understanding. | The process map is particularly useful when we are confirming our understanding of a SCOT. The report is used to identify and understand the source of transactions materially affecting a significant account and thereby identifying significant classes of transactions, or a SCOT. |
| 12 | Show a process map on the screen. | The process map provides an overview of all account classes and all sources. It provides us the big picture for the accounting period. |
| 13 | Highlight the left column on the screen. | The report shows the net activity for each account group listed down the left-hand side disaggregated by the source groups that impact the significant accounts across the top. |
| 14 |  | Through the use of data analytics, we can better understand our clients which enables us to ask better questions to management. This in turn provides our clients with a higher quality and more tailored audit. |