

**AuditNet®**

**Audit Software Survey 2009**



**As a new decade dawns, AuditNet® survey shows how Internal Audit has adapted to technology through widespread use of audit software**

**[Audit Software Survey Summary Results](#)**

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*Some people say the first decade of the 21st century ends this week. Others say it extends until the end of 2010. Either way, the past 10 years were a momentous period for technology.*

*Larry Magid CBS News*

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**Summary Conclusion**

As the decade came to an end, audit departments looked a lot different than they did ten years ago. Digital technology changed the way auditors work. Audit software or computer-assisted audit tools and techniques are no longer limited to large audit organizations operating in a mainframe environment. Since the introduction of personal computers, audit software vendors developed solutions that will fit any size internal audit department. As the audit community adapted to technology, we have seen an increase in the types of applications being employed within audit departments over the past decade.

AuditNet® recently conducted a survey of the global audit community to determine how auditors are using audit software for two major tasks; managing the audit function and data analytics. The survey results showed that over half of the respondents use audit software for continuous auditing or monitoring. Of those responses, almost 75% use software for audit management and data analysis.

Auditors are not only using technology in their respective audit departments because it is the right thing to do; it's also to support compliance with the IIA's International Standards for the Professional Practice of Internal Auditing. Under the attribute standard for due professional care, internal auditors must consider the use of technology-based audit and other data analysis techniques. (Standard 1220.A2) Under the performance standards, the Chief Audit Executive must effectively manage the internal audit activity to ensure it adds value to the organization (Standard 2000)

Why don't respondents use audit management and data analysis software? Cost is the main reason and department size is another factor. Smaller audit departments can't justify the cost when it comes to audit management software solutions. Software vendors might take this as an opportunity to develop a "lite" version of their software for small audit shops. Management resistance and training are two other reasons data analytics software aren't used. It's surprising that there is still reluctance on the part of audit management to recognize the benefits of using automated tools for data analytics, especially in the area of fraud detection.

There is one area that appears to have universal agreement; if software vendors included data analytics enabled audit programs within their products or provided users with access to online resources, auditors would be more likely to use their products. Also, about one third of survey respondents said they would be willing to pay for this feature. While initially auditors were not willing to pay for access to online resources such as Protiviti KnowledgeLeader or AuditNet®, there now seems to be greater acceptance of these resources as adding value for audit departments.

## **Survey Responses by Question**

AuditNet recently conducted a survey to determine how auditors are using audit software, what they are using it for, what obstacles are faced and where they are getting information for

developing their audit plans. The survey also seeks to determine whether auditors perceive benefits to incorporating data analytics into audit programs and whether they see this as a value added benefit that could be provided by software vendors.

We received responses from 241 auditors from various industry sectors including banking, energy, government, healthcare, service, and retail. Approximately 54% of the respondents work in departments with fewer than 10 auditors. The next largest department size was between 10 and 20 which was about 27% of the respondents.

Almost 53% of the survey participants reported that they use audit software for continuous auditing or monitoring. Of those that reported using audit software following is the breakdown between software for audit management versus software for data analysis.

Audit Management (software used to administer the audit function or the audit project)	72.4%
Data Analysis (software used to analyze data for audit purposes)	76.8%

Following is the breakdown of products used for audit management. Those that answered other had a wide variety of tools including MKInsight, Microsoft Office, Oracle and Galileo.

If you use audit management software which product do you use?		
Vendor	Response Percent	Response Count
CCH TeamMate	69.4%	75
AuditLeverage	5.6%	6
ADM Plus	0.9%	1
Pentana	5.6%	6
Paisley Auto Audit	18.5%	20
Other (please specify)		46

<i>answered question</i>	<b>108</b>
<i>skipped question</i>	<b>133</b>

The following are the responses from participants who reported they did not use audit management software and the reasons. Most of those who responded 'other' are in the analysis determination phase of deciding which product best meets their department needs.

<b>If you do not use audit management software please indicate the reasons and then go to Question 9</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Software cost	58.6%	51
Department size	44.8%	39
Training staff to use the software	8.0%	7
Management reluctance	24.1%	21
Too technical to use	5.7%	5
Learning curve	9.2%	8
Other (please specify)		15
	<i>answered question</i>	<b>87</b>
	<i>skipped question</i>	<b>154</b>

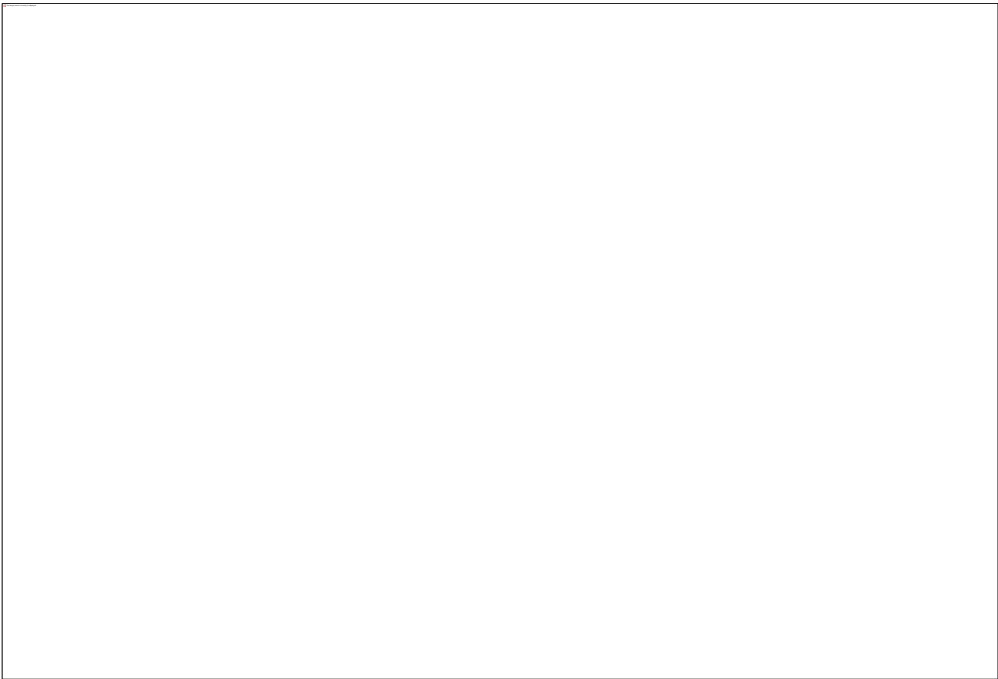
For those departments who have implements audit management software following are the responses as to the reason for their specific choice. Scalability, functionality, and ability to adapt to their needs were the main additional responses.

<b>What factors influenced your decision on audit management software?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Ease of use	76.2%	115
Cost	52.3%	79
Training	25.2%	38
Vendor reputation	41.7%	63
Tech support	31.8%	48
Other (please specify)		30
	<i>answered question</i>	<b>151</b>
	<i>skipped question</i>	<b>90</b>



The majority of the individuals indicated that they develop their own audit programs from scratch and customize programs downloaded from AuditNet. The majority of the other methods used were a hybrid of customization from AuditNet or within the software modules (such as TeamStores).

<b>When using the software for the fieldwork module, how do you create audit work programs (procedures)?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
We develop our own programs from scratch	79.2%	126
We use templates provided with the software	21.4%	34
We customize audit programs that we obtain from Internet sites (other than AuditNet)	31.4%	50
We customize audit programs from AuditNet	35.2%	56
Other Methods (please specify)		12
<b><i>answered question</i></b>		<b>159</b>
<b><i>skipped question</i></b>		<b>82</b>



Regarding the question on obstacles faced by audit departments in implementing audit management software there were various categories of responses. Twenty percent of the respondents had no obstacles, 22% cited technical issues, 18% encountered resistance, 19% identified the learning curve, 15% listed cost and the remaining 7% said that training was the concern.

The next question covered whether respondents used data analysis software. Surprisingly over 2/3 indicated that they use audit software for analyzing data. The detailed reasons for not using data analysis software were as follows:

<b>If you don't use data analytics for audit projects what are the reasons?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Software cost	58.0%	40
Training staff to use the software	24.6%	17
Management reluctance	29.0%	20
Too technical to use	17.4%	12
Learning curve	20.3%	14
Too difficult to get the data	17.4%	12
Other reasons (please specify)		19
	<b><i>answered question</i></b>	<b>69</b>
	<b><i>skipped question</i></b>	<b>172</b>

More than half of the respondents cited the cost of the software as a deterrent with management reluctance and training the next highest categories. There was an even split of the remaining responses on the learning curve, and technical issues. Surprisingly difficulty in getting the data was tied as the lowest reason for not using. Audit departments seem to be having more success in getting the data than was true in the past. This is a significant move forward in the acceptance of data analysis software as a solution for many audit offices.

The 'other reasons' included use of other software (Microsoft Office) or currently exploring the options and plan on purchasing in the near future.

The next question covered the products used by audit departments. The two primary software vendors chosen by audit departments were ACL and IDEA. Many of the audit shops used a combination of products including Microsoft Office (Access and Excel), Oracle, and SAP. There were some ACL users who also used ActiveData and SQL.

<b>If you use software to analyze data please indicate which product(s) you use.</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
ACL	55.3%	89
Caseware IDEA	16.8%	27
ActiveData	3.7%	6
ActiveAudit	2.5%	4
TopCAATs	0.6%	1
Other (please specify)	21.1%	34
<b><i>answered question</i></b>		<b>161</b>
<b><i>skipped question</i></b>		<b>80</b>

Regarding how audit departments that use data analytic software develop their audit programs following were the responses. Based on the responses it was clear that many departments use a combination of internally developed programs with customization from other sources including AuditNet. Those responses categorized as other were mostly self-developed audit programs.

<b>When planning for using data analytics in your project how do you create audit work programs (procedures)?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
We develop our own programs from scratch	86.2%	150
We use templates provided with the software	18.4%	32
We customize audit programs that we obtain from Internet sites (other than AuditNet)	21.8%	38
We customize audit programs or templates from AuditNet	25.3%	44
Other Methods (please specify)		14
<b><i>answered question</i></b>		<b>174</b>
<b><i>skipped question</i></b>		<b>67</b>



More than 90% of the participants in the survey reported that there would be value added if software vendors included access to data analytic enabled templates as part of their software. Based on how auditors answered the previous question this should be a focus of vendors in order to expand the use of computer assisted tools and techniques within audit departments.

<b>Would it be beneficial if audit software vendors provided access to audit work programs templates that include steps for using data analytics incorporated in those documents?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Yes	90.9%	200
No	9.1%	20
<b><i>answered question</i></b>		<b>220</b>
<b><i>skipped question</i></b>		<b>21</b>

The next question covered whether auditors would be willing to pay for the above identified feature. Following were the responses:

<b>Would you be willing to pay for this service if offered by your vendor?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Yes	29.6%	61
No	53.9%	111
If yes then how much per year would you be willing to pay?	16.5%	34
<b><i>answered question</i></b>		<b>206</b>
<b><i>skipped question</i></b>		<b>35</b>

Regarding the amount that auditors would be willing to pay the responses varied from a fixed dollar amount to a variable amount based on the number of users or licenses. Most of the responses said it would depend on the quality of the programs that were made available.

More than 57% of the respondents reported that they had access to AuditNet audit programs. Over 20% of those who answered have access through CCH TeamMate. The

AuditNet/TeamMate licensing agreement allowed CCH to convert the audit programs into the TeamStores format which facilitates importing into the software.

<b>Do you currently have access to AuditNet audit programs?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
No (go to Question 16)	42.3%	99
Yes I have a trial subscription	13.7%	32
Yes I have an individual subscription to AuditNet Basic content (Level 1-\$12)	5.6%	13
Yes I have an individual subscription to AuditNet Premium content (Level 2-\$125)	6.8%	16
Yes I am part of a group license subscription	3.4%	8
Yes I have access through CCH TeamMate	20.1%	47
Yes I have access through Protiviti KnowledgeLeader	4.7%	11
Yes I have access through AHIA	3.4%	8
	<b><i>answered question</i></b>	<b>234</b>
	<b><i>skipped question</i></b>	<b>7</b>

Of those that do not have access to AuditNet the majority reported that their employer will not pay for a subscription. Based on the results of this survey it is clear that if software vendors included access to AuditNet to their customers that they would use the audit programs. Employers are more likely to pay for audit management or data analytic software which if access to AuditNet were included would eliminate this obstacle of subscribing. Of those who answered 'other reasons' the responses varied from not knowing about the audit programs, in process of subscribing, no need because they develop their own, difficulty in accessing or employer restrictions.

<b>I don't subscribe to AuditNet because:</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
I will not pay for a subscription	22.2%	22
My employer will not pay for a subscription	57.6%	57
I can't afford to pay	19.2%	19
I will not contribute audit programs in lieu of cash payment (ASAP option)	1.0%	1
Other Reason (please specify)		28

<i>answered question</i>	<b>99</b>
<i>skipped question</i>	<b>142</b>