

Terms of Reference for the EUROSAI Project Group on “Auditing in the new normal: Connecting Technology to Audit Processes”

1. General provisions

1.1 Name of the Project Group:

Auditing in the new normal: Connecting Technology to Audit Processes

1.2 Background and objective of the Project Group:

Background

Before Covid-19, the audit processes were already evolving with the emergence of new technology. SAIs were experimenting with new technologies and working with big data in order to conduct more efficient and higher quality audits. Like most SAIs, the Turkish Court of Audits (TCA) has accelerated the use of technology in audits through digital tools and data analysis applications over the past decade.

Until 2017, many of our practices were based on individual and personal skills. Auditors were, gathering raw data and transforming it into usable data, using different software, such as Audit Command Language (ACL) or Access for running analysis. However, in 2017, a special audit group was formed and TCA started building up mechanisms for virtual auditing. As part of our efforts for collecting and storing data and strengthening our technology to improve data analysis capabilities, TCA has implemented projects for centrally collecting and processing the data of audited institutions.

Various analysis scenarios including risk analysis to be applied to the accounting data of all audited public administrations were developed and a sampling module had been initiated. In addition, dramatic progress has been achieved on issues such as audit management, archiving, classification and statistical and mathematical analysis.

For computerization of audit functions, TCA uses a Business Intelligence system on which we developed our own template. It's a centralized and web based system working on Oracle BIEE and the main functions are;

- Supporting management via the results of collective analysis within the risk assessment system,
- Saving the auditors time with analysis scenarios,
- Reducing the need of the auditor to receive data directly from the auditees,
- Presenting the data to the auditor ready for use and
- Enabling the auditor to work with big data

And today, since the pandemic impacted our way of conducting audits, it is more important than ever to have a strong control mechanism and oversight. Due to travel restrictions, social distancing, and difficulties in on-site inspection and physical examination we need to be more flexible, in contrast with our traditional approach and respond quickly to the new conditions.

There is an urgent need to change in mainly 3 areas which are; (1) regulatory needs, (2) communication needs, and (3) right auditing tools and techniques needs. As auditing tools and techniques needs, we need the right technological infrastructure in place and adequate training.

As a fact, digital transformation is essential in these unusual times. However, the future of auditing profession is not limited to remote auditing practices. Rather, in the new normal, the aim will be transforming the entire process by using technology in order to enable a more efficient and a higher quality audit.

The remaining uncertainty about the continuity of the pandemic, makes it difficult to fully assess the potential impacts on auditing. This project will seek to provide cooperation, learn from good practices to develop similar approaches and combine forces to come over the challenges. We hope using new digital technologies will ease ongoing limitations and will bring some relief to the challenging situation.

Objective

The objective for this project group is to identify the current situation among SAIs in connecting technology to audit processes, sharing best practices, identifying the needs/gaps in this field and preparing a roadmap for the post-Covid 19 era.

1.3 Link with EUROSAI Strategic Plan:

1.3.1. Strategic Goals:

The nature and aims of this Project Group is directly related to the **Strategic Goal 1, objective 1.2 and objective 1.3** which are respectively;

- *To support the development of innovative approaches and methods in audit and governance of SAIs making use of new technologies*
- *To facilitate the sharing of knowledge and experience within EUROSAI and with external stakeholders and partners*

1.3.2. No duplication or overlaps with other activities of the EUROSAI Strategic Plan:

Until now, SAIs may have shared their experiences in connecting technology to audit processes on many occasions especially following the Covid-19 period. However, a systematized approach to explore the tools/methodologies used by SAIs and an extensive knowledge and experience sharing on this issue with a final output document will be a new perspective and in this regard, it is thought that the proposed project topic will not cause any overlap in the EUROSAI OP.

2. Structural provisions

2.1 Lead SAI: Turkish Court of Accounts

2.2 Contact person(s):

Emre GÜLŞEN (emregulsen@sayistay.gov.tr; 0090 312 295 35 44)

Nihan POLAT (nihanpolat@sayistay.gov.tr; 0090 312 295 39 74)

Aysun CELEBCI (aysuncelebcici@sayistay.gov.tr; 0090 312 295 32 30)

Berna ERKAN (bernadurusu@sayistay.gov.tr; 0090 312 295 38 32)

2.3 Participants:

The project group is open to all EUROSAI members; up to now SAI Hungary have indicated interest in the PG as a member and SAI Estonia as an observer. Communication of the ToR with other SAIs will be continued also after its approval.

3. Technical and procedural provisions

3.1 & 3.2 Intended results and benefits to EUROSAI Membership:

1. Evaluating the current situation and based on the needs/gaps raised, creating a roadmap for the digitalization of audit in adaptation to the new normal
2. Sharing of experiences and good practices, and improving use of technology in audit processes.

3.3 Duration & Key Milestones:

- **November 2021** - Project group approval and interested EUROSAI members confirm participation
- **December 2021** – Event hosted online among PG members; division of the work
- **March 2022** – The design of the survey finalized
- **May 2022** – Application of the survey to EUROSAI member SAIs and gathering the first results
- **July 2022** – Draft output of the survey produced and distributed for feedback
- **September 2022** – Finalisation of output
- **October 2022** – Organisation of online workshop (discussion of results, sharing experiences and best practices, case studies)

3.4 Working Methods:

The Project Group will hold a survey for identification of the current situation and a workshop will be held where member SAIs will be invited to share their experiences.

After the output is finalised an assessment report will be prepared.

3.5 Necessary resources:

TCA will provide staff to coordinate and carry out the activities regarding the project such as online workshops, and production of the official output. EUROSAI member SAIs will be asked to put their inputs to the project via surveys, e-mail correspondences and other possible online meetings.

3.6. Reference documents and materials:

To be produced by the project group once established.