

TopCAATs – Audit software for the masses

Auditing without a computer these days has become almost impossible. The smallest of companies can process many thousands of transactions each year, requiring laborious manual testing that often results in poor coverage. Even the auditing standards state “it may be difficult or impossible for the auditor to access certain information for inspection, inquiry, or confirmation without using information technology”. So why do I frequently see audit firms and internal audit departments who either do not use audit software, or are unable to use it to its full potential?

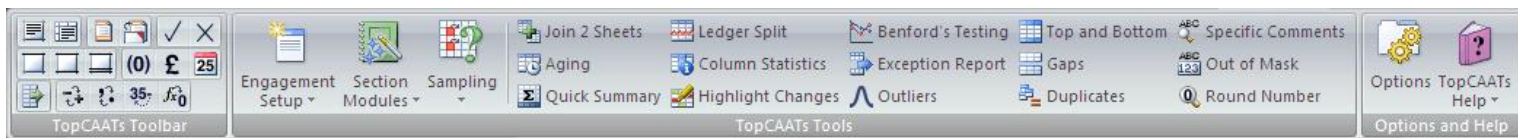
Usually this comes down to cost and user acceptance. Standalone generalized audit software (GAS), such as Idea and ACL is expensive to purchase, and the steep learning curve requires days of training before they can be used effectively.

TopCAATs

Reinvent Data recently released its new generalized audit software, TopCAATs. TopCAATs seamlessly integrates with Excel with an attractive ribbon bar in Excel 2007 and a menu and toolbar in earlier versions. It has a similar range of tools to its competitors but costs a fraction of the price!

The main disadvantage of Excel-based GAS has previously been the 65,536 row limit (enough for most needs, but not all), however in Excel 2007 this has been increased to 1,048,576, sufficient for the vast majority of data files and TopCAATs is able to take full advantage of this.

So what makes this product different to the others? Reinvent Data say that they have designed TopCAATs with ease-of-use at its core, whilst preserving data analysis power. Being based in Excel, the interface is immediately familiar to new users, and they can combine the use of CAATs tools with native Excel functionality. Most accounting systems now export reports to Excel or .csv formats, so the import of data is often a case of simply opening the file.



The TopCAATs ribbon bar in Excel 2007

The menu / ribbon bar is nicely laid out, and tools are given logical names – “Join 2 Sheets” joins two worksheets based on a common field, “Quick Summary” quickly summarizes data based on values in a selected column – you get the idea. One of TopCAATs’ unique and very useful features is the color coding of input boxes. A box that must be completed will be red, one that will add additional functionality if completed will be orange, and if the box has been completed with valid information (e.g. a date in a date field), it will turn green. This makes filling in these screens just a little quicker and easier.

If you get stuck, each input screen has a button that opens up the relevant help page for the tool being used. More detailed help is available in the PDF user guide which can be accessed from within Excel.

Section modules

Recognizing that some users may want to take a system report and perform a variety of tests on it, Reinvent Data developed the “Section Modules” (so named as they are directed at a section of the accounts / audit – Trade Payables, Trade Receivables, Inventory, Non-current Assets and Journal Entries). Each Section Module uses a single input screen to set the parameters for the tests being performed (e.g. bands for aging a listing, specific dates, etc.). Pressing ‘OK’ sets all of these tests running, and in a matter of seconds the results are available. The output is a new workbook containing the results of each test for further investigation. The section module summary sheet, details the tests that were run, the options that were specified and how many records were identified by each test. It even includes a screenshot of the input screen so you can see exactly what parameters were set, providing a full audit trail.

The screenshot shows the 'Trade Payable Listing Analysis' tool interface. The window title is 'Trade Payable Listing Analysis'. Below the title bar, there is a welcome message: 'Welcome to the Trade Payable Listing Analysis tool. Please select which analysis you wish to perform, and define your inputs where required'. The main area contains several sections for configuring tests:

- Aging:** Aging by Aging reference date Pivot Report
- Duplicates:** Duplicates Column Pivot Report
- Over amount:** Over amount Amount Debit transactions
- Invoices without PO:** Invoices without PO Over value Transaction types Pivot Report
- Transactions posted on:** Transactions posted on Saturday Sunday Monday Tuesday Wednesday Thursday Friday Pivot Report
- Transactions posted on specific dates:** Transactions posted on specific dates Pivot Report
- Transactions around specific date:** Transactions around specific date Target date Days before Days after Pivot Report
- Transactions posted at specific times:** Transactions posted at specific times Start time End time Pivot Report
- Transactions by user:** Transactions by user Over value
- Rounded transactions:** Rounded transactions 1,000 10,000 100,000 1,000,000 Pivot Report

At the bottom, there are buttons for 'Prepare Sheet (define ranges)', 'Add column statistics' (checked), 'OK', and 'Cancel'.

Trade Payables Listing Section Module – input screen fully completed

Yet another unique feature is that test results can be output as pivot tables. This facilitates further analysis, for example, taking the summary of transactions by user and dragging in the day of the week field will tabulate which users were posting at weekends. Double-clicking on any cell within the pivot table drills down into the underlying source data, allowing individual transactions to be reviewed. Despite being incredibly simple for both basic and advanced users, this adds a huge amount of power to the analysis of results.

Other tools

In addition to the section modules, TopCAATs includes all of the standalone tools and features you would expect of generalized audit software (e.g. gap and duplicate detection, Benford's testing, stratification, etc.), which are too numerous for me to cover in this review, but below are some of the highlights that mark TopCAATs out from other products.

Engagement Details stores information about the engagements you work on, such as the client name, period end date and materiality levels. This information is then recalled by many of the other tools to pre-populate input boxes, and in headers and audit trails, to save you entering the same information every time you perform a test.

Lead Scheduler translates a trial balance into section-specific lead schedules which can be put on the audit file

Sampling - Random sampling and a monetary unit sampling (MUS) procedures are included. The MUS routines are particularly well designed to enable sampling extraction and evaluation to be performed very easily, utilizing the same statistical techniques as much more expensive software.

Highlight Changes compares two versions of a worksheet or workbook and highlights any differences, adding a comment to cells that have changed with the previous value and difference. I can see this being very useful for identifying changes made to large complex accounts consolidation spreadsheets, eliminating hours of ticking!

Outliers finds transactions that lie at the extremes of a population (e.g. transactions that are greater than 3 standard deviations above the mean). It has the option to group by subset, indentifying, for example the transactions that deviate from the average for each supplier.

The TopCAATs toolbar has 17 buttons which make day-to-day Excel usage a little easier. The tools include

- Toggle "wrap text" on/off
- Apply 3 pre-defined number formats (these can be customized)
- Convert cells with formulas to their values
- Insert a standard work paper header (including your company logo)
- Convert positive numbers to negative and vice versa

Conclusion

Reinvent Data also see TopCAATs as an evolutionary product with an active user community. User suggestions and requests may find their way into future updates, and if your organization has specific needs, they are able to customize a version of TopCAATs just for you.

The low license cost and training requirements mean that TopCAATs offers a low risk entry and should encourage those who are yet to use GAS/CAATs to start considering their options

The best way to find out whether TopCAATs is suitable for your needs is to take advantage of the fully functional 30-day free trial that can be downloaded from www.topcaats.com. TopCAATs is currently available at an introductory price of \$199 per license.