Using ACL…

An Expense Report Continuous Auditing Case Study

ISACA GEEK Week 2011

AGL Resources™

August 23, 2011

Session Objectives

At the end of this session, you will:

- Have a repeatable framework for a continuous auditing project using ACL
- Understand the process for identifying and prioritizing the continuous audit objectives & tests
- Be familiar with appropriate scripting and workpaper standards for ACL testing
- Learn useful ACL processes and functions that can be used in continuous auditing projects

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Agenda

- AGL Resources Background
- Audit Management's View
- Continuous Auditing Processes
- Using ACL – Demonstration
- Questions
- Contact Information

AGL Resources Background

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AGL Resources At-a-Glance

- Atlanta-based energy services company
- NYSE listed: AGL
- Company's financial performance in fiscal year 2010
  - Net income: $234 million in 2010 vs. $222 million in FY09
  - Earnings per share (diluted): $3.00 vs. $2.88 in FY09
- Approximately 2,500 employees
- www.aglresources.com

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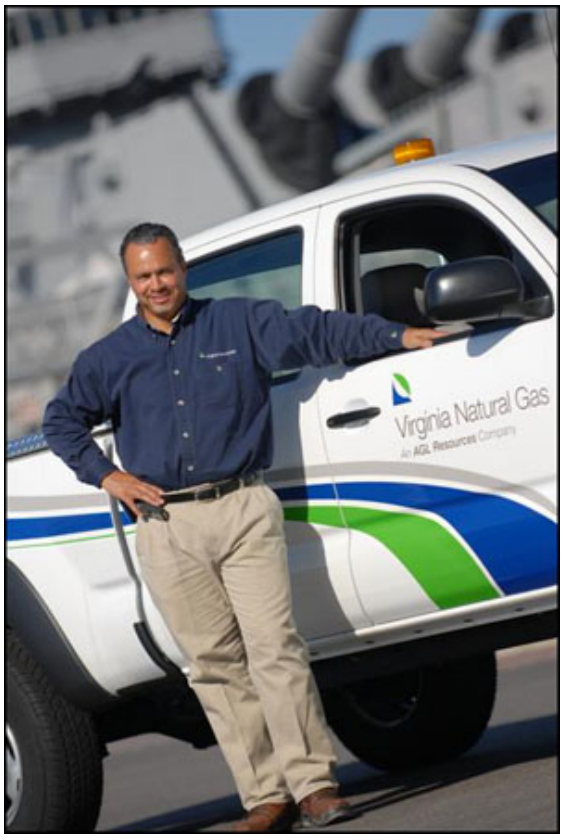
Core Businesses

- Natural gas distribution companies
- Sequent Energy Management
  - Focuses on asset management and the wholesale marketing, trading, storage and transportation of natural gas
- Pivotal Energy Development
  - Entrepreneurial arm focusing on acquiring, developing, and operating natural gas-related assets (e.g. two salt cavern storage facilities)
- SouthStar Energy Services
  - Georgia Natural Gas – retail natural gas marketer



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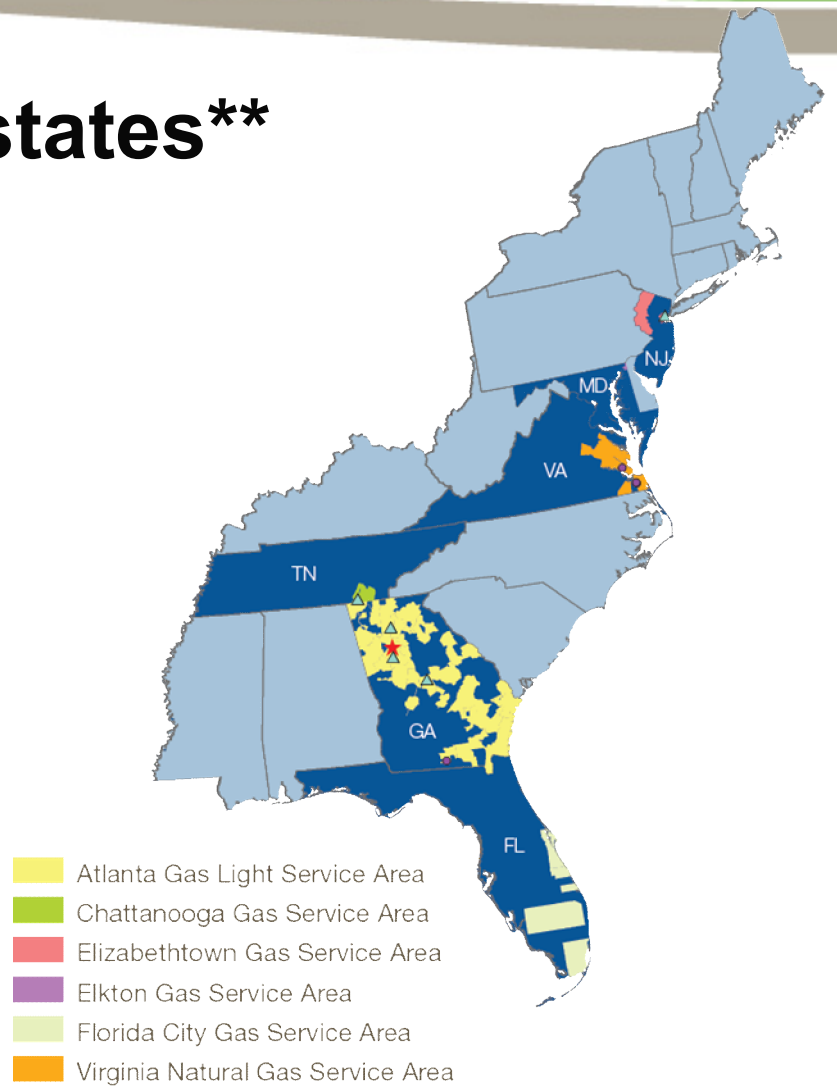
Six Natural Gas Distribution Companies

2.3 million customers in six states**

- Atlanta Gas Light (1.55 million)
- Chattanooga Gas (62,000)
- Elizabethtown Gas (273,000)
- Elkton Gas (6,000)
- Florida City Gas (103,000)
- Virginia Natural Gas (273,000)

**Exciting news!



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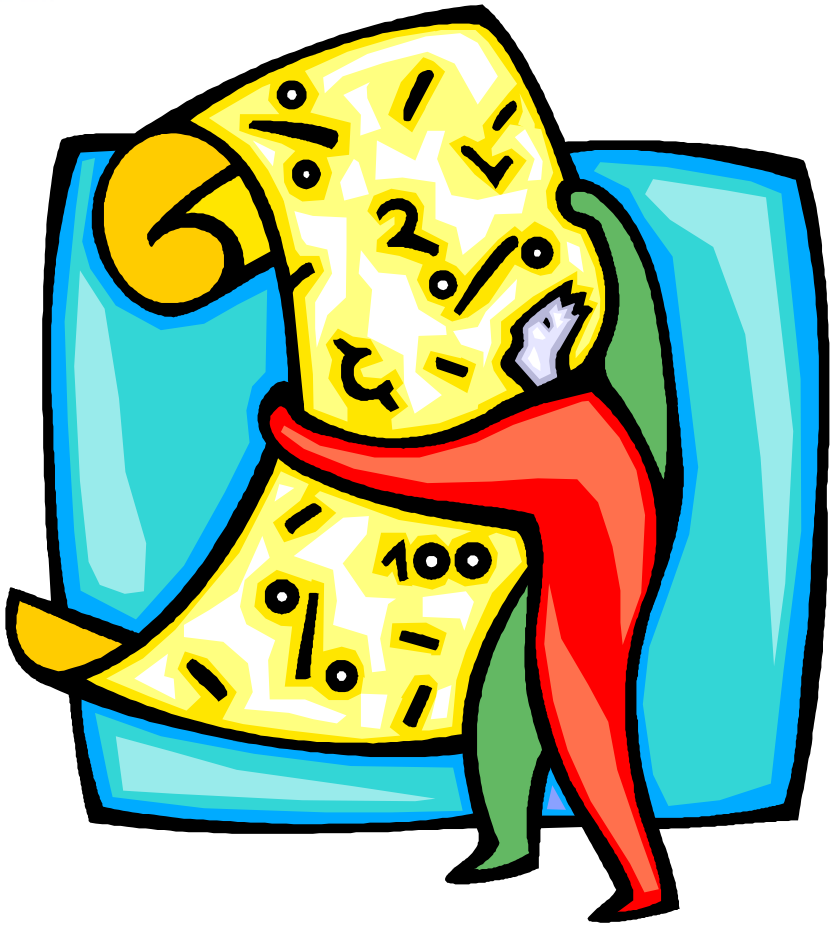

Audit Management's View

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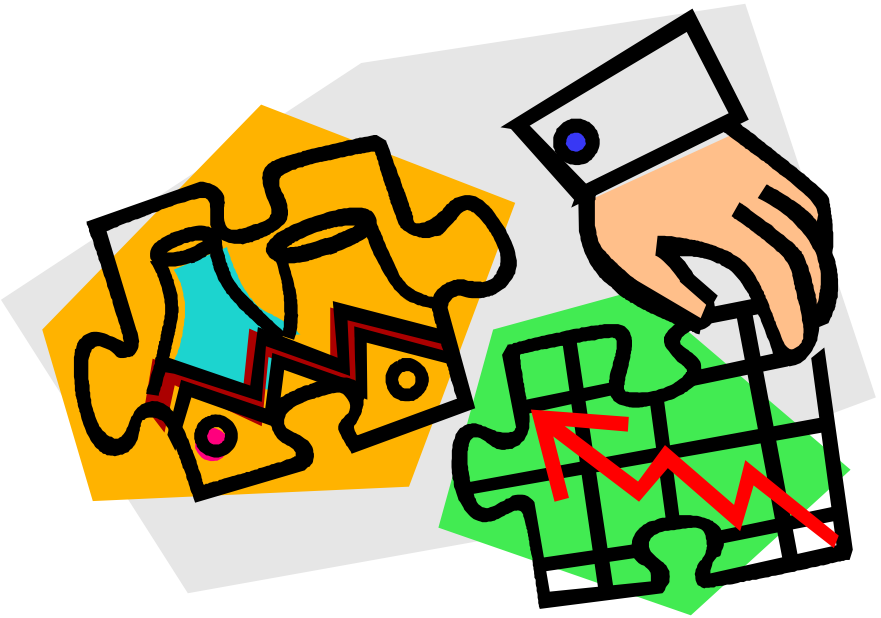
Internal Audit Staffing

Professional Staff	Number
Chief Audit Executive	1
IT & Ops Audit Director	1
IT Auditors *	2
Operations Auditor	1
Financial Audit Manager	1
Financial Auditors	5

* 2 ACL Desktop Licenses

Why Continuous Auditing?

- Greater coverage with less effort and resources
- Enhanced understanding of data
- Repeatable tests
- Results are backed up by concrete data
- Timely review & reporting
- Additional data for annual audit planning



Continuous Auditing Processes

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History of Expense Report Auditing at AGL Resources

- Over 10 years of annual officer expense report reviews
  - Requested by CEO
  - Time consuming and highly manual
  - Limited coverage across Company
  - Delayed review & reporting
- Additional expense-related audits
  - P-card policies and procedures review
  - Limited reviews in conjunction with other audits

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Goals for Continuous Auditing

- Better coverage
  - Timely review of expense reports across Company
  - Consistent testing
  - “Hot topics” coverage
  - Population testing vs. sampling
- Leverage repeatable processes
  - Capitalize on lessons learned
  - Facilitate future implementations

Competencies Required

- Understanding of related policies and procedures
- Project management
- Data retrieval (e.g. PeopleSoft)
- Data analysis
- Audit testing
- ACL functions and scripting

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Repeatable Processes

- Responsibility Matrix
- Prioritization Listing
- Scripting Standards
- Workpaper Standards

Responsibility Matrix (HANDOUT A)

Initial Implementation

- Define project objectives & scope
- Identify & prioritize tests
- Define exceptions
- Identify key systems & data sources
- Obtain, prepare & review data
- Prepare, test & review prototypes
- Create reporting & documentation standards

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Responsibility Matrix (Cont'd)

Continuous Auditing (ongoing processes)

- Produce scheduled reports
- Review reports
- Document results
- Report findings
- Evaluate corrective actions
- Assess continuous auditing effectiveness
- Adjust testing criteria/add tests

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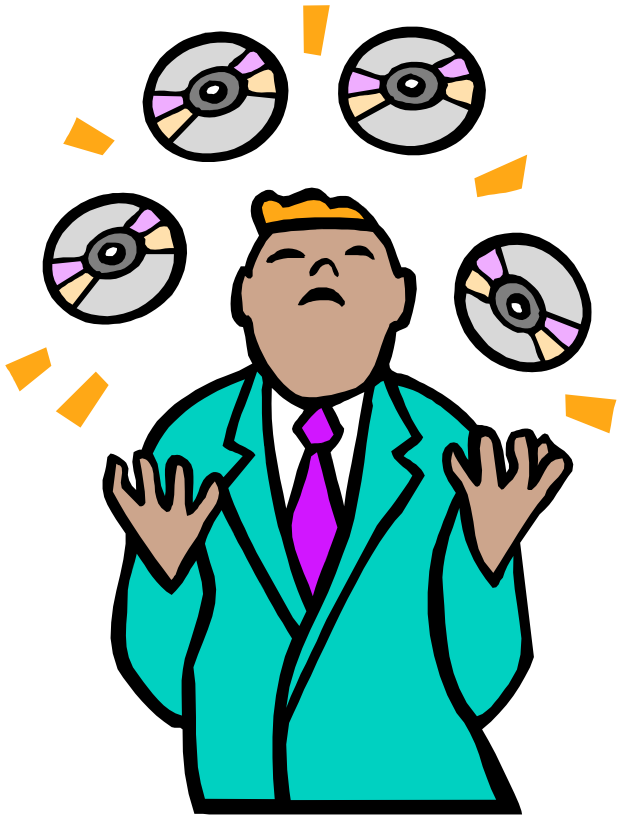
Test Prioritization (HANDOUT B)

- Create initial report/test list
- Review data for feasibility
- Prioritize list
- Create & review prototypes
- Finalize list of deliverables and approach



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Scripting Standards (HANDOUT C)

- ACL Project Notes
  - Script identification/background
  - Input/output files
  - Tests
- Coding Standards
  - Use comments
  - Use sub-scripts
  - Keep similar steps together
  - Clean up at end of script

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Using ACL (Demonstration)

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I have gathered my data. How do I get started in ACL?

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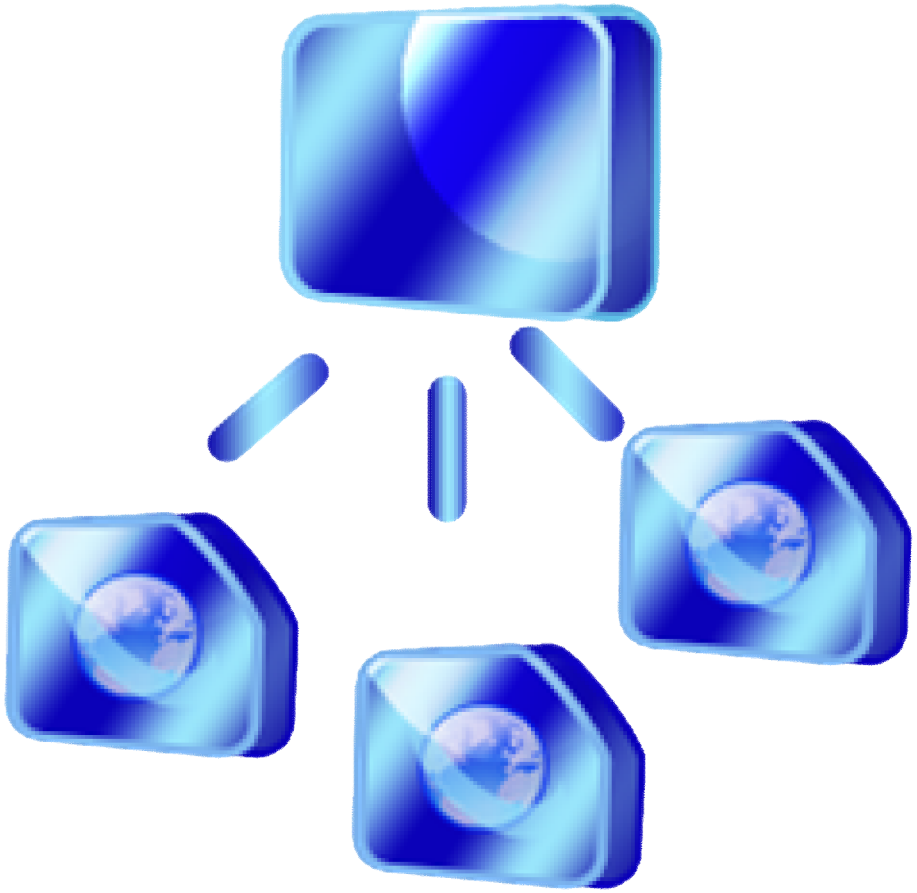
I have my files in ACL, but I want to run analytics on data that is stored in different tables.

Joining & Relationships



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My data is compiled and my test plans are developed. How do I start analyzing the data?

Functions

Commands

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I realize that my data set does not have calculations and fields that are required to complete my analysis.

Computed & Conditional Fields

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I’m done! How do I get my results out of ACL?

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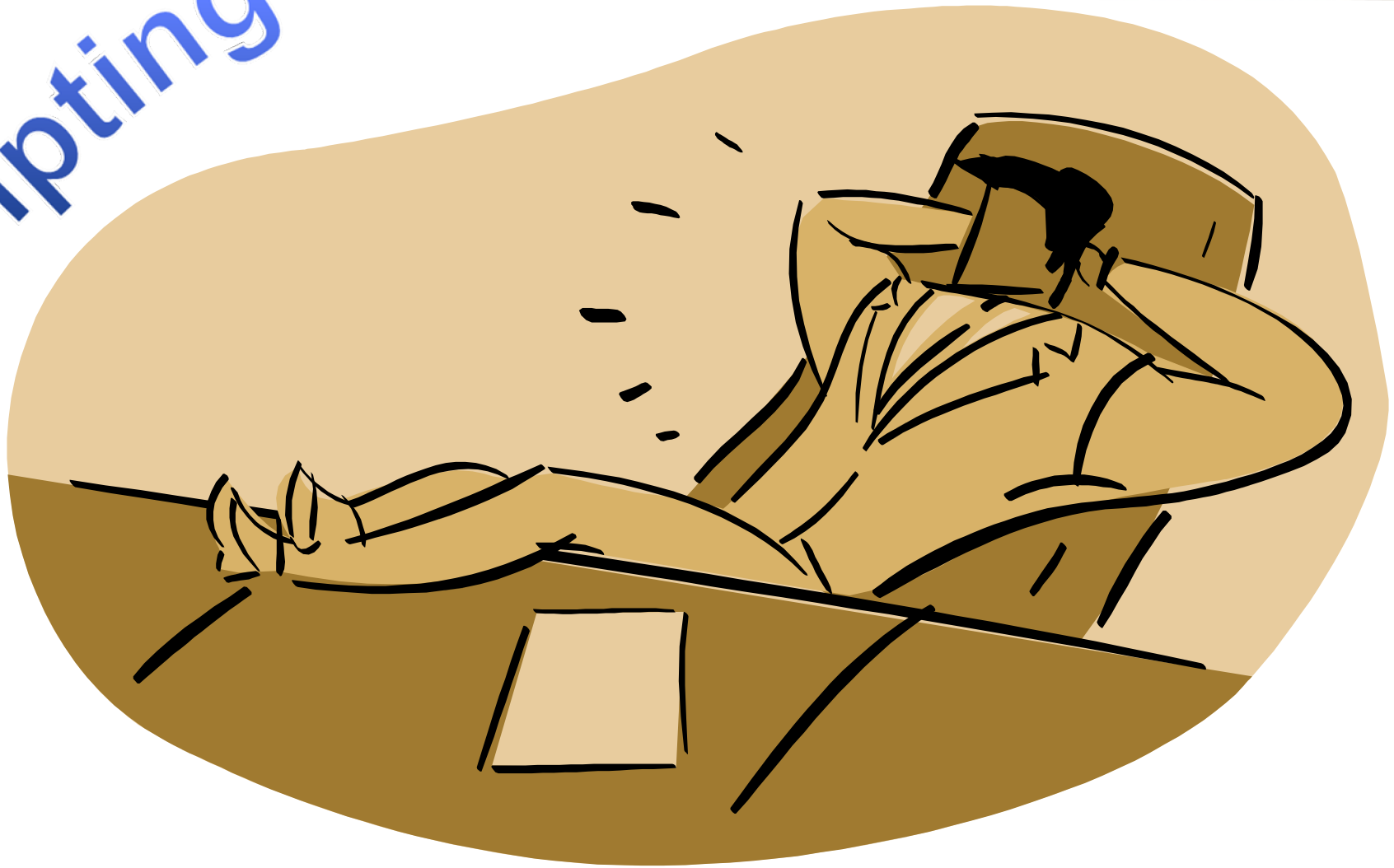
Management has decided to review my analysis on a monthly basis. Is there a quick and easy way to re-perform my work?

Scripting



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Script & Results (HANDOUT D)

Script & Results

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Questions?

Natural gas is the best everyday energy choice for people and the planet we live on.

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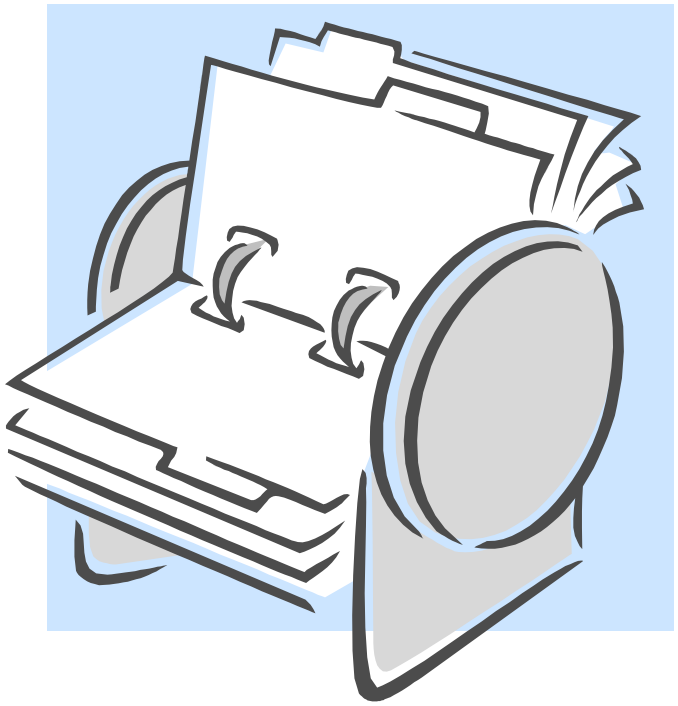
Contact Information



Susan Mason, Director – IT Audit

smason@aglresources.com

Susan Wallace, Lead IT Auditor

swallace@aglresources.com

Blake Varner, Senior IT Auditor

bvarner@aglresources.com

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