

Influences and Countermeasures of Computerized Accounting on Modern Auditing

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Abstract: Along with the popularization of computerized accounting in recent years, many companies no matter big or small have built their own computerized accounting system in China. This new accounting system is different from the traditional one, and the change will bring some influences and risks on the auditing. Therefore, it is urgent for auditors to take some countermeasures at present.

Key words: computerized accounting; influence; risk; countermeasure

Along with the development and popularization of the information technology, the computerized accounting has been developed greatly in China, which makes the accounting work more convenient and efficient. However, the auditing related to the computerized accounting has been lagged a lot and got few achievements. Furthermore, the computerized accounting becomes the “bottleneck” for the auditing. So this paper tries to find reasons and get ways to solve the problems by analyzing from some aspects.

1. Influences on Auditing by Implementing Computerized Accounting

1.1 Influence on internal control

In the computerized accounting system, the internal control has changed greatly from control staff only to control both staff and machine. It treats the computer internal control mainly, because the amending of data in computers can leave no clues if there is no internal control. Computers may be attacked by hacker and virus so that the internal control of computer will be disabled, which is a new difficulty for audit work.

1.2 Influence on auditing clues

Auditing clues are an effective way to find the origins and outlets of accounting data, and they are convenient for further auditing. In the traditional accounting system, clues of vouchers, account books and financial reports are made out and written according to certain standards, and signed by certain person. They are visible records. Auditors can track data from financial reports to source transaction, or discompose total data to source data, which is also called Checking Forward Method or Checking Backward Method in traditional accounting. Whether the transaction is legal can be decided by the methods. In the computerized accounting system, large amounts of data and materials needed for auditing are stored in computers or others which can't be seen with eyes only. The ways of producing and transferring for data have changed, and the former way for getting audit clues have changed or even disappeared.

1.3 Influence on auditing contents and scope

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In the computerized accounting system, auditing contents include not only the ones in traditional accounting system, but also the ones as follows:

(1) System control auditing. Internal control system of accounting information system generally contains two parts: one is the common control subsystem, which provides external supports for the normal operation of the system; the other is the applying control subsystem, which provides internal supports for the operation of the system. There are two goals for the auditing of internal control: one is to audit the outcome, the other is to perfect the internal control system.

(2) Data integrity auditing. In computerized accounting system, both the source data and the medium outcome are stored in the computer. In order to check the correctness, authenticity and validity of the outcome, the integrity, consistency and correctness for the data must be checked at first.

(3) Research process of system auditing. This is a kind of auditing in advance, which is done by the internal auditors in the enterprise.

(4) Applying procedure auditing. Computers dispose data according to procedures, so the correctness of the procedure determines the veracity and validity of the outcome. Therefore, it is an important auditing content for the auditing of the applying procedure, and it is also much difficult work for the auditing.

1.4 Influence on auditing technology

Compared with the traditional accounting system, the computerized accounting system has changed a lot in many aspects. Therefore, new auditing technology must be adopted in order to adapt these changes. Auditors should examine and evaluate the internal management system, division of the work in the computerized accounting department. Furthermore, auditor must master knowledge of computer and applying technology.

1.5 Influence on auditing standards

A series of auditing standards and principles, such as standards for auditors, spot operation, auditing report, professional moral and so on, have been made in the field of auditing in every country. In computerized accounting system, great changes have taken place, the technology and ways of auditing have changed greatly as well as auditing standards and principles changed accordingly. Therefore, a series of new auditing standards and principles that suit to the new situation, such as the training of auditors, the R&D of the auditing standards, internal control auditing standards and auditing application standards of computerized accounting information system are built. Along with the appearance and development of computerized auditing, new risks will be brought about inevitably. At the same time, the single auditing body will bring some risks on auditing work.

1.6 Influence on auditors

Because the environment in the computerized accounting information system is more complex than the one in the traditional accounting system, the auditing objects become more complex too. The auditors aren't competent for auditing work with former knowledge and technology. Therefore, auditors should know rich knowledge of financial accounting, auditing, related policies and decrees and other auditing clues, and they should cost certain time and energy to learn and examine the functions of computer system in order to prove the validity, correctness and integrity. The requirements for the auditors have been improved greatly.

2. New Auditing Risks in Computerized Accounting System

(1) In computerized accounting system, data are stored in computers, so the amending can leave no clues, which can't assure the integrity and authenticity of data and can bring risks for auditing supervision.

(2) During the computer's working time, information will be lost because of the trouble of power shutting, crash, virus or hacker's invasion or others, which will bring about risks for auditing.

(3) If the jobs of data maintenance, system management, datum input and checking are not independent from each other, it is easy to result in the failure of internal control.

(4) The current evaluation system of accounting software puts more emphasis on whether the outcome is in accordance with the one in handwork accounting, but neglects the evaluation on internal control in the design procedure. It puts more emphasis on the component factors and the rationality of accounting methods, but neglects the save from damage of auditing clues. Furthermore, the evaluation outcome may differ from the opinion of auditors, which brings about more risks to the final auditing outcome.

3. Countermeasures

3.1 Intensify the auditing on internal control

Auditors should know the computer information system, study and evaluate the internal control in computerized accounting system including common control and applied control.

(1) Stress the checking of position responsibilities and the carrying out of organization strategy. Such as checking whether the administrator, operator, vindicator and designer of the system have put the related responsibility separate into practice in order to prevent cheating or illegal events.

(2) Stress checking safety of system software, hardware and data, and checking the validity password code and operating register.

(3) Check whether documents of system design are intact and are in accordance with related standards and principles. Check and test the correctness of accounting software. Check whether the correctness control of data is in effect.

(4) Check whether some work has been done to ensure the veracity and integrality of the disposal of data. Check whether output measures have been taken to ensure printing intact and exact accounting information.

(5) Check the maintenance computers, management of computer room, operating management system of accounting software. Check whether keeping system of accounting files and maintenance system of accounting software are intact and put into effect. The internal control of accounting is the basis of auditing. Give an elementary evaluation after the above checking and do further auditing on the weakness.

3.2 Using advanced technology, methods and tools in auditing

When both auditing clues and auditing data change, auditing work is far more enough by only using the former auditing methods. The auditing scope in computerized accounting system is enlarged because auditors should not only audit the inputted source data and printed accounting data, but also audit the accounting software, internal control system, the stored documents, and the credible degree of the computer hardware.

(1) Audit computerized accounting system program. The quality of the auditing on the computerized accounting system will directly influence the reliability, authenticity and the degree of keeping secret of the system. The auditing methods of the auditing on system program are as follows:

a. Check whether the computerized accounting system has passed the appraisal of authoritative department and whether it has passed the operating appraisal and authorized to use by the director department of computerized accounting system.

b. Audit whether the program design is in accordance with the accounting laws, accounting system and other

related provisions in order to confirm the validity according to the design flow chart of system program.

c. Do disposal test on computerized accounting system by using actual data of audited enterprise. Firstly, design a set of simulated business data according to test requirements. Secondly, dispose the simulated business data by using the test program. Finally, compare the disposal outcome with the anticipated outcome in order to check up the reliability of the audited program.

d. Audit the keeping secret measures of computerized accounting system.

(2) Audit data document of computerized accounting system. The two existent forms are: one is the printed account book data whose auditing method is the same as the traditional accounting; the other is data document stored in computers or others and it can be audited by testing software.

Develop computerized auditing actively. Using computers in auditing refers to auditors auditing the computerized accounting system by using the tool of computer. The computerized auditing method is called as the computer assistant auditing technology. Henceforth, the size of the computerized accounting system gradually becomes bigger, the task of auditing work become heavier, and the contents become more complicated. Therefore, the auditing work can't be finished efficiently by hand, and the only way to solve the difficulty is using computer in auditing.

3.3 The design of computerized accounting system should meet the requirements

The design of computerized accounting system should meet the auditing requirements. It should not only be convenient for using, but also be good to auditing supervision. In order to audit efficiently, auditing requirements, which can provide the auditing clue, must be proposed during the design of the computerized accounting system. Concretely, this needs the accounting software to keep all the auditing clues so that the accounting data can be tracked and checked up. The auditing clues are as follows:

(1) The technology document and data during the design of the system.

(2) The modification of software and data should leave trace. Before the maturity of the auditing software, the accounting software should act the some functions of auditing.

3.4 Establish corresponding auditing standards and principles

At present, Chinese auditing standards and rules are as follows: standard for auditors, standard for spot auditing, standard for the drawing of the financial reports, standard of work sheet, standard of auditing evidences, standard of financial auditing, standard of benefits and so on. Along with the change of the auditing objects, the existent form of auditing clue, auditing method and auditing technology change too. Some contents of the auditing standard and rules can't suit to the changed situation, and some new auditing contents are not included in the standards and rules. Such as auditing standard for computerized accounting system design, auditing standard of internal control in new environment, function criterion for auditing software and design standard are most needed in computerized auditing system. The urgent work in auditing is to modify the current auditing standards and rules, and establish computerized auditing standards, rules and system.

3.5 Train compound auditors

Computerized accounting information system is more complex than the traditional one. The auditing profession is facing the need of updating knowledge structure. Auditors should master certain computer knowledge and applying technology, certain disposal and management technology of modernization information. They should master certain computerized accounting knowledge and be familiar to the operation of computerized accounting. Furthermore, system analyst, system and software designer, system operator are needed in auditing organization. They should do as follows:

(1) In order to be competent for new auditing work, auditors should be trained to learn computer knowledge, computerized accounting system and computerized auditing technology.

(2) Employ some computer technology staffs and enable them to master elementary knowledge of accounting and auditing, know the auditing principles and methods. Make them join the auditing army and become professional technology staff of computerized auditing.

(3) Pay attention to the normal education of computer. Not only courses of computer basic, program design, computerized accounting but also courses related to computer assistant auditing should be opened in accounting major in some colleges or universities so that these schools can become cradles of computerized auditing auditors.

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(Edited by Jimmy Wang, Gavin Dai and Shirley Hu)