

Study Group on Information Systems Audit (ISA)

WIRC of ICAI

Topic : **Application Systems Audit**

Date : **Saturday, 20th May 2017**

Venue : **ICAI Tower, BKC, Mumbai**

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Welcome to Seminar on *Application Controls Testing*

by **Adarsh Madrecha**
CA, ISA, BCAF



Please raise your hand and ask question
All ~~stupid~~ questions are welcomed

IT Committee Member – WIRC, CTC
Faculty for Advance ITT
Co Founder of gstindia.net

Friends call me



“**Techno savvy Chartered Accountant**”

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Introduction

What is App Control?

Any control
which is automated,
is an app control

- ✓ Depreciation calculation
- ✓ Accounting entry (on bill booking)
- ✓ Loss calculation (on sale of asset)

Types

Input

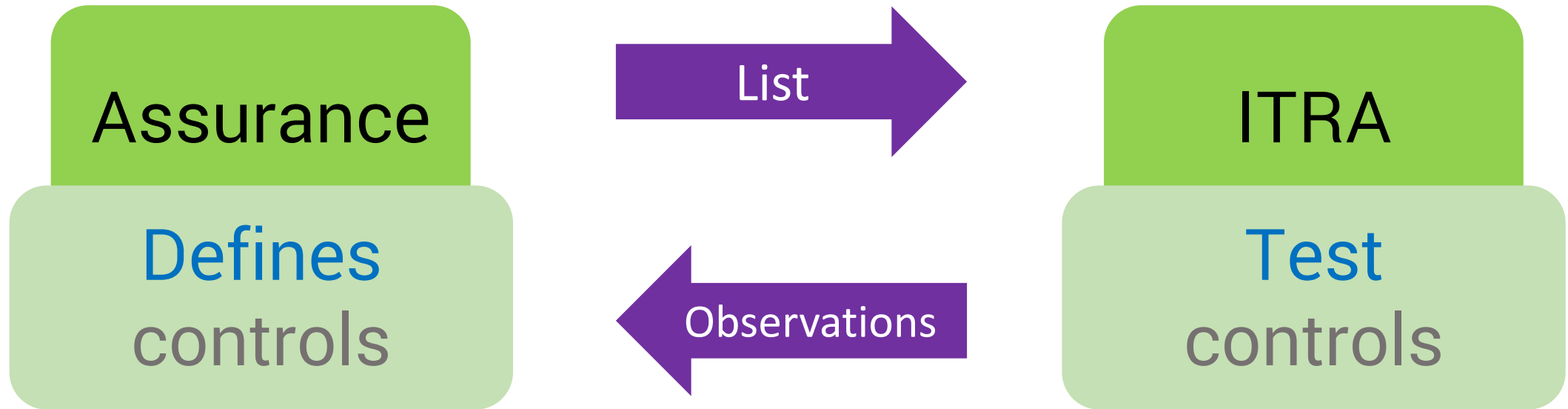
Output

Processing

Trail

We shall revisit this slide again

Team set up



Responsibility



Terms

ITRA

IT Risk
Assurance

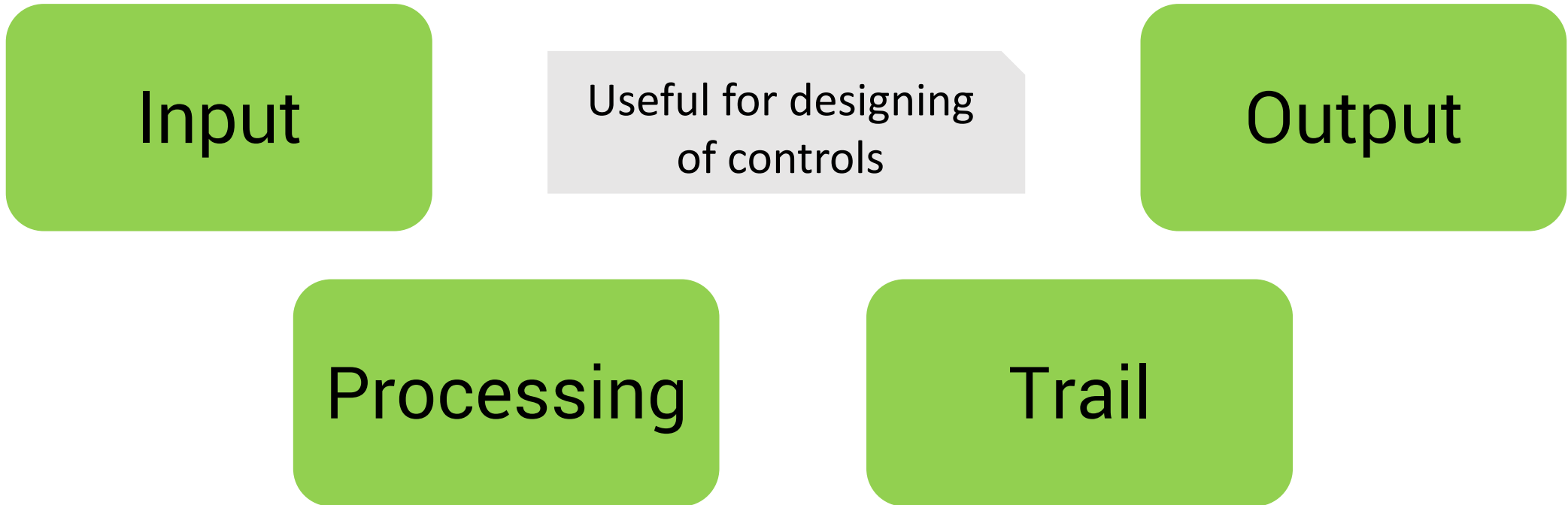
ITGC

IT General
Controls

EAE

Electronic
Audit Evidence

Types



Remember this slide?

Types

Useful for testing of controls

Application Control

EAE / IPE
Information Produced by Entity

IT Dependent Application Control

Access



Testing

How do we test?

Application Control

1

Walkthrough

2

Configuration

3

Data
Analysis

Lets discuss in detail

1

Walkthrough

Positive Testing

- Automatic Accounting Entry
- PO release strategy

Negative Testing

- GRN exceeding PO qty
- Billing of blocked Sales Order

2

Configuration

Scoping

- PO Doc Types
- Company / Plant

Best Practice

- Tolerance level
- Error / Warning

3

Data Analysis

This is an optional step, To be performed if we don't have comfort on Configuration

Scoping

- PO Doc Types
- Company / Plant

Extracting

- PO Data (To check tolerance)
- Match PO and GRN Quantity

How do we test?

EAE / IPE

1

Accuracy

2

Completeness

Lets discuss in detail

3

Accuracy

This is an optional step, To be performed if we don't have comfort on Configuration

Sample

- PO Doc Types
- Company / Plant

Extracting

- PO Data (To check tolerance)
- Match PO and GRN Quantity

How do we test? Access Control

1

Configuration

2

Data Analysis

Scoping

- PO Doc Types
- Company / Plant

Extracting

- PO Data (To check tolerance)
- Match PO and GRN Quantity



FAQs

What if app control fail?

Check Materiality

- Number of Transactions
- Monetary Impact

Substantive Testing

Extracting

3 Data Analysis

- PO Data (To check tolerance)
- Match PO and GRN Quantity

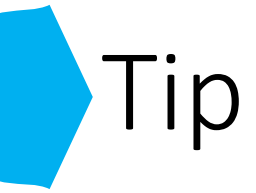
Tested only once, how reliance is established?

Once a Year



ITGC





Understand how system Works

THANK YOU

for your

Patient Listening

Connect with me on



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