**Case Study Assignment (20% of the total assessment)**

The objective of the report is to test your ability to integrate skills learnt in this unit of study, i.e. to analyse a company’s operations and data from the auditor’s perspective, with an emphasis on applying data analytic techniques.

In addition to independent research, successful completion of this case study requires self-directed learning of data analytic techniques, including the use of a data visualisation tool (Tableau). You are expected to demonstrate ability to engage with the data provided in planning (and performing) the audit of Telsar.

The objectives of this component are to consolidate your skills in utilising data analytic techniques and to develop your analytical skills in critically evaluating and developing responses to potential audit risks in relation to a client organisation.

**Case Study Assignment Company Background – Telsar Pty Ltd**

You have recently joined medium-sized accounting firm, Nexturn Australia (Nexturn), as an audit graduate. You have just been assigned to the audit of Telsar Pty Ltd (Telsar) for the financial year ending June 2020. Telsar is a hardware and automotive manufacturer and retailer.

The audit partner in charge of the Telsar engagement, John Bean, was excited to learn that you have had some experience with audit data analytics in your university course. He is keen to see the firm more fully embrace the use of technology in auditing clients. He has requested that you prepare a briefing on the use of data analytics for him to take to the firm’s leadership team. He has also obtained a trial licence for Tableau for the firm and asked you to have a go at developing a dashboard that can demonstrate how data visualisation may be useful on audit engagements.

**You are in the process of auditing Telsar’s purchases and trade payables and have obtained the following information:**

• Materials are purchased from both local suppliers and overseas suppliers, notably in Malaysia and Vietnam.

• Depending on the type of materials purchased, it is often delivered to a range of locations. Telsar has manufacturing plants in NSW and VIC and several warehouses in both states.

• Trade payables are all processed through the central accounts department in Sydney.

• The accounts supervisor, who has been with the company for ten years, went on maternity leave in December 2019. This position was filled by a new hire on a temporary contract in February 2020.

**Based on your preliminary discussions with Telsar staff, the information on the company’s purchases and payments processes includes the following:**

• When specific inventory is required or reorder quantities are reached, the warehouse staff prepare a ‘Materials Requisition’ form outlining the type and quantity of raw materials or parts required and send it to a purchasing officer. The purchasing officer then issues a purchase order and sends this to the relevant supplier and copies to the accounts department. If the purchase order exceeds $5,000, it requires approval by the purchasing manager.

• When the goods are received, the warehouse counts the incoming stock and records the total quantity received on the system, creating a goods received record. If there is a discrepancy between quantity ordered and the quantity received, it is a purchasing officer’s responsibility to follow up with the supplier and inform the accounts department of the outcome.

• Telsar’s trade payables system allows for suppliers to be set up for trading terms (credit and discount), payee details and general ledger account coding. It is the accounts supervisor’s responsibility to add and modify supplier account details.

• Any payment to a single creditor exceeding $3,000 requires approval from the purchasing manager, who checks the supporting documentation, prior to being included in the payment run. The electronic payment file is then uploaded to the company’s online banking system to be paid out.

**GROUP REPORT PART 1 – 14 MARKS WORTH 7% OF THE TOTAL ASSESSMENT**

(a) Outline how data analytics can be used in the financial report audit and summarise the key benefits and challenges in adopting the use of data analytics on audit engagements. (max ¾ page) **[5 marks]**

(b) Outline what common data models are, how they are relevant to auditors, and what the benefits of adopting common data models are to auditors. (max ¾ page) **[5 marks]**

(c) Map the data you have obtained from Telsar to a relevant common data model using **Tableau Prep Builder.**

You may clean and transform/shape existing data within the spreadsheets obtained from Telsar (provided on iLearn), but there is no need to create data for each variable within the common data model (i.e. it is not expected that you will use all fields in the common data model you choose to use).

Submit screenshot/s of your flow in your report (1 page) + submit Tableau flow file (.tlfx) to the separate submission link. **[4 marks]**

**GROUP REPORT PART 2 – 3 MARKS WORTH 3% OF THE TOTAL ASSESSMENT**

(d) Using the data that has been mapped into an appropriate common data model from part (c) above, create and explain one (1) visualisation relating to Telsar’s purchases and payables that would be relevant to the auditor. **[1.5 marks]**

(e) Explain the risk that the visualisation addresses and how the auditor will be able to utilise the visualisation to address this risk. **[1.5 marks]**

Your response to parts (d) and (e) should be presented using the following template (max ¾ page):



**INDIVIDUAL DASHBOARD/REPORT (PART 3) – 10 MARKS WORTH 10% OF THE TOTAL ASSESSMENT)**

Telsar’s internal auditor has been impressed by your visualisation abilities and requested your assistance in developing a dashboard to identify and respond to risks in relation to its purchases and trade payables on an ongoing basis.

Drawing on knowledge and skills developed from your group report in Parts 1 and 2 and your own independent further research and analysis, develop a dashboard that will enable Telsar’s internal auditor to monitor and respond to at least three (3) specific identified audit risks in relation to Telsar’s **purchases and trade payables** on an ongoing basis.

You should explicitly identify each element/visualisation within the dashboard you have developed. For each (combination of) element(s)/chart type(s) included in the dashboard, you are required to:

• Explicitly identify and explain the risk and its relevance to the auditor that the element(s) is designed to monitor/respond to, and

• Explain the rationale for its inclusion and design, including an explanation of the manner in which it will be used to monitor/respond to the identified risk.

LENGTH AND FORMATTING – **Maximum 2 pages using the template supplied below in .pdf format and Tableau Packaged Workbook (.twbx) submitted to the separate submission link.** This **excludes** any bibliography and appendices where applicable. The font size must be at least 11 with no less than 1.15 line spacing and a minimum of 2.5cm margins on all sides. You may vary the row heights in the template as necessary within these boundaries. Note that visualisations must be included within these 2 pages to be awarded marks (i.e. visualisations cannot be included only in an appendix).



