



Analytical Review Procedures for Effective Audits and Financial Analysis

Featuring Excel as an Analysis Tool

8 Hours Audit

CPE Credit: 8 Hours, Audit

Course Level: Intermediate

Prerequisite: None

Objectives:

- Plan, Perform and Document Your Audit in Conformance with SAS 56/AU Section 329
- Use Analytical Review To Comply With Fraud Considerations per SAS 99/AU Section 316
- Perform **Effective Financial Analysis** and Management Advisory Services
- Understand the New FASB 95/CAS230 Cash Flow Ratios
- Draft Meaningful Footnotes and a Relevant MD&A Section
- Better Manage the Internal Audit or CFO Function
- Audit More Efficiently by Using Excel 2010 as an Audit Tool

Real-Life Comprehensive Case Study - An Audit Gone Bad Due to Inadequate Analytical Review Procedures

Description:

This seminar is designed to familiarize auditors and accountants with the requirements of SAS 56 and illustrate appropriate documentation. CPAs will use Excel templates for financial analysis that includes financial metrics the new FASB 95 cash flow metrics, regression analysis, the Z-Score to predict bankruptcy and more. You will learn how to use many Excel 2010 features to help you analyze financial statements and audit in a more effective manner.

You'll conclude this one-day seminar with a real-life case study of a material \$647,000 embezzlement and an out-of-court settlement of \$250,000 for negligence by the small CPA firm who performed the audit and could have avoided problems with an effective analytical review.

We Guarantee Results

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A Practical, Comprehensive Approach . . .

Analytical Review Procedures for Effective Audits *and* Financial Analysis *Featuring Excel as an Analysis Tool*

Key Seminar Objectives

- Plan, Perform and Document the Audit in Conformance with SAS 56/AU 329
- Assist with Analytical Review for Fraud Considerations per SAS 99/AU316
- Perform **Effective Financial Analysis** and Related Management Advisory Services
- Draft Meaningful Footnotes and a Relevant MD&A Section
- Better Manage the Internal Audit or CFO Function
- Use Excel 2010 Special Features for Effective Auditing Techniques
- Understand the new Cash Flow Ratios
- Take home Financial Analysis Templates that will Serve you Long After the Seminar

Understanding and Using Analytical Procedures

- Horizontal and Vertical comparison of absolute numbers
 - Prior Trial Balance vs. Current Unadjusted Trial Balance
 - Financial Statements
- **Ratio Analysis**
 - **Liquidity Ratios**, trends and audit risk implications
 - Current Ratio
 - Quick Ratio
 - Cash Ratio
 - **Activity Ratios**, trends and audit risk implications
 - Account Receivable Turns (DSO)
 - Days Sales in Inventory (DSI)
 - Business Operating Cycle
 - Total Asset Turnover
 - Return on Assets
 - Intangible Assets to Total Assets
 - Understanding and using disaggregated information
 - **Leverage Ratios**, trends and audit risk implications
 - Debt to Equity
 - Times Interest Earned
 - Listing/analysis of client covenant requirements
 - **Profitability Ratios**, trends and audit risk implications
 - Return on Equity
 - Return on Invested Capital
 - Gross Margin
 - Net Margin
 - Comparisons to industry averages
 - **Altman's Z-Score** analysis to predict bankruptcy
 - SAS 59, SAS 103, and "going concern" applications
 - Adjusting Altman's Z-Score for privately held businesses
- Linear Regression Analysis
 - Understanding the regression equation and Rho coefficient
 - Revenue drivers and assertions about revenue
 - Expense drivers and assertions about fixed and variable cost
 - Using the Excel add-in statistical package
 - Applying the regression equation to actual data
 - Comparing expectations to actual and investigating significant variances

Detailed Seminar Agenda . . .

Understanding SAS 56/AU Section 329

- Definition of analytical procedures
- When during the audit to use analytical procedures
- What information to use or develop
- Analytical procedures/data used to plan the audit
- Analytical procedures/data used as substantive tests
- Analytical procedures/data used in the overall review
- Assertions, predictability, and precision
- Evaluation of significant differences
- Required documentation

Analytical Review and SAS 99/AU Section 316 Requirements

- Determine major customers and vendors – analytical procedures
- Perform substantive analytical procedures using disaggregated data

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Detailed Seminar Agenda (continued)

Understanding and Using Analytical Procedures (continued)

- o Using Excel Charting features to instantly generate: (1) a graph, (2) a trend line, (3) a regression equation, and (4) a Rho Coefficient

Understanding and Using the New Cash Flow Ratios to Gauge the True Quality of Earnings

- Brief review of FASB 95
- Analyzing cash flow from/for: (1) Operations (CFO), (2) Investing (CFI), (3) Financing (CFF) year to year by percent in/out for a rapid analysis
- Cash flow ratios and audit risk implications
 - o Liquidity – CFO/Average Current Liabilities
 - o Efficiency and Income
 - CFO/Revenue
 - CFO/Net Income
 - CFO/Cash Outflow for Investments
 - CFI Outflow/Total Outflow
 - Cash in Fin./Cash in Operations
 - o Solvency
 - CFO/Average Total Liabilities
 - (CFO + Int. Paid)/Int. Paid
 - o Calculating free cash flow and audit risk implications

Using Excel 2010™ as an Accounting and Auditing Tool for Increased Efficiency

- Grouping and organizing templates for consistent audit work papers
 - o Overview - Constructing a template for Horizontal and Vertical comparison of absolute numbers and analytical review
 - o Overview - Constructing a template for comprehensive ratio analysis and analytical review
 - o Effective data fill techniques for setting up audit work papers
 - o Using date arithmetic for audit work paper techniques
- Using Charts and Sparklines to rapidly evaluate trends
- Rapidly using Sort, Filter and Sub Total for audit applications
 - o Selecting stratified samples for receivable and expense testing
 - o Using the Sort and Automatic Sub Total feature

- o for a rapid analysis of major customers and vendors
- o Finding duplicate payables
- Practical auditing and accounting applications for the =IF Statement
 - o Organize and simplify the Statement of Cash Flow
 - o Analysis of QuickBooks controls, Audit Risk, Fraud Risk Assessment and the cost/benefit of rapidly spotting significant audit exceptions using stratified samples and the =IF Statement
- Conditional Formatting to Highlight Analytical Review Exceptions
 - o Highlight cell rules and customizing for specific auditing situations
 - o Top, Bottom, Average rules and customizing for specific auditing situations
 - o The new audit tic marks: Data Bars, Color Scales, Icon Sets
 - o Practical auditing applications: variance and materiality analysis, sample stratification and selection, aging schedules with date arithmetic

Using Analytical Procedures to Draft Parts of the Management Discussion & Analysis

- Causes of major changes in financial statements between years
 - o Horizontal and Vertical analysis from audit work papers
 - o Explanations from audit work papers
- Results of Operations – Horizontal and Vertical Analysis including
 - o Gross margin
 - o Operating margin
 - o Activity turnover ratios
 - o Disaggregated ratios
- Segment/Product information – Horizontal and Vertical Analysis including
 - o Gross margin
 - o Operating margin
- Liquidity, Capital and Leverage
 - o Liquidity ratios
 - o Net working capital
 - o Free cash flow
 - o Leverage ratios
 - o Debt service requirements

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Detailed Seminar Agenda (continued)

Using Analytical Procedures to Draft Parts of the Management Discussion & Analysis (continued)

- Positive and Negative Trends
 - Asset, liability and equity compound growth using Excel
 - Gross margin, operating income and net margin compound growth
 - Activity ratios and disaggregated ratios
 - By division, location, product line, etc.

Real-Life Comprehensive Case Study – An Audit Gone Bad

- Evaluating one activity ratio would have disclosed everything
- Variances that were never examined
- An unqualified audit opinion and a subsequently discovered material \$647,000 embezzlement
- Small local CPA firm settles out of court for \$250,000 – reported in the local newspaper and TV

In-House Seminars

When you bring *Analytical Review Procedures for Effective Audits and Financial Analysis – Featuring Excel as an Analysis Tool* in-house, the course encompasses a **SAS 56 review of a company you select**, if you want, including: horizontal and vertical analysis, ratio analysis; a thorough review of the company's statement of cash flow (FASB 95), cash flow ratios, and review of the Z-score to predict bankruptcy. We also review five-year trends (trend analysis), and graph the results.

All of our instructors for this seminar are CPAs subject to the same confidentiality requirements as any CPA and we are willing to sign a non-disclosure agreement. This seminar can be a very customized seminar for your firm doing two things at once: (1) earning Auditing CPE for your CPAs and (2) performing your client audit procedures (or after-the-fact cold review) for additional audit documentation and on-the-job training. **This can be a very powerful, customized day of training for your firm.**

Special Bonus:

Take Home A Free Excel Template

Your fee includes a comprehensive workbook that will serve as a valuable reference tool long after you've completed the course. You'll get a wealth of easy-to-follow point-by-point instructions, hands-on examples, case studies and working tools for effective analytical review using Excel.

When you attend NCCE's *Analytical Review Procedures for Effective Audits and Financial Analysis Featuring Excel as an Analysis Tool* you also get a free template that performs the analytical review demonstrated in class. This template contains the following:

- **Horizontal and Vertical Analysis**
- **Financial Ratios** Including
 - **Liquidity:** Current Ratio, Quick Ratio, Cash Ratio
 - **Activity:** Days Sales Outstanding (DSO), Days Sales in Inventory (DSI), Business Operating Cycle, Asset Turnover, Return on Assets, More!
 - **Leverage:** Debt to Equity, Times Interest Earned
 - **Profitability:** Return on Equity (ROE), Return on Invested Capital (ROIC), Gross Margin, Net Margin, More!
- Comparison of Financial Ratios to **Industry Averages**
- **Z-Score** to Predict Bankruptcy
- **FASB 95 Cash Flow Ratios** for Liquidity, Quality of Earnings, and Solvency

Put your firm's financial numbers into these templates and **make your own analytical review and financial analysis.**

Contact Us

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By Fax: 850-222-4862

Online: www.nccetraining.com

By Email: contact@nccetraining.com

By Mail: NCCE - 967 Briarcliff Dr. - Tallahassee, FL 32308

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25 Key Benefits of Attendance

1. Understand how SAS 56 can save hours of substantive testing
2. Use regression analysis to save hours of substantive testing
3. Understand the regression equation: the constant and x-coefficient vs. expected fixed costs and variable costs for analytical reviews
4. Automate regression analysis using Excel –use Excel’s Chart Wizard to rapidly display the regression equation and rho coefficient
5. Discover a fast, efficient way to draft management’s discussion and analysis – for public and private companies
6. Spot many of the “red flags” of fraud using analytical review techniques
7. Use analytical review techniques to determine whether receivables are being collected at an adequate pace – and how to adjust your audit plan if necessary
8. Spot obsolete inventory with this one technique combined with trend analysis
9. Identify liquidity and leverage problems that might impact an audit opinion
10. Manage the finance and accounting or internal auditing function more effectively with appropriate analytical review procedures
11. Use horizontal and vertical analysis at the appropriate intervals during the audit process
12. Review a dozen financial metrics – calculation and interpretation – necessary for both **clear, effective financial analysis** and, also, analytical review in conformance with SAS 56
13. Use the Z-Score to predict bankruptcy (public and private companies) and comply with SAS 103
14. Use industry averages for comparative purposes and analyze variances to comply with SAS 56
15. Highlight questionable variances automatically with Excel’s conditional formatting
16. Illustrate financial analysis with effective utilization of Excel’s Chart Wizard
17. Learn to use the FASB 95 cash flow ratios to gauge the true quality of net income
18. Calculate free cash flow and how this amount might impact an audit opinion
19. Use Excel conditional programming – the =IF Function – and Boolean algebra to automate various audit applications
20. Analyze product line gross margin to determine which product lines are most profitable or sell most rapidly - and which products are obsolete.
21. Use disaggregated data metrics for better industry specific efficiency measures
22. Use Excel tools to construct, group and organize templates for consistent audit work papers
23. Use Excel data fill and Excel date arithmetic to rapidly set up audit work papers
24. Use Excel’s sort, filter and subtotal applications for a rapid analysis of major customers and vendors, to stratify samples and automatically highlight duplicate payments
25. Review a **post mortem case study** where failure to use proper analytical review procedures required the auditors to settle a negligence case out of court – avoid sleepwalking through an audit

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Custom In-House CPE Training

Key Benefits of a Custom In-House NCCE Seminar:

- **Targeted Training** - Customize your in-house program to your company's specific needs. Let us know which items in our seminar agenda you want to stress.
- **Customized Case Study** – Select any public company that you want to analyze – your firm, a client, competitor, etc. No other seminar company customizes to this extent.
- **Convenience** - Schedule your seminar when it's most convenient for you and your staff -- at your office or the location of your choice.
- **Substantial Savings** - Train a larger number of employees and staff for a significantly lower cost per person; avoid costly travel time and expenses. Cost effective for 10 or more employees. *Plus* your people have no travel costs when we train at your location – avoid travel costs.
- **Continuing Education Credits** - Enable your employees to fulfill CPE requirements. We will work with your organization as necessary to make sure that your seminar is approved for CPE in your state.

Cost Per Seminar Attendee					
Participants	10	15	20	25	30
Total Seminar Cost	Call for Pricing	Call for Pricing	Call for Pricing	Call for Pricing	Call for Pricing
Cost Per Person	\$SAVE	\$SAVE	\$SAVE	\$SAVE	\$SAVE

Bring this course in-house and provide custom designed training to your entire organization at a great cost savings!

The fee includes a distinguished seminar leader at your site, a pre-training analysis and course tailoring with the instructor, full preparation of course materials, a seminar manual with your organization's logo emailed camera-ready in electronic format to your director of documents and much more. Your organization simply supplies meeting space, audiovisual equipment and participant refreshments; NCCE provides everything else.

We have the quality programs and expert, experienced instructors to give your company an edge in today's competitive market. Improve communication, cohesiveness and efficiency through targeted professional development opportunities. NCCE's customized in-house training programs are a convenient, cost-effective way to provide your staff with critical information that will immediately add value to your organization.

If you are interested in an in-house seminar for your group, please take the time to look over and complete the questionnaire at the end of this brochure or [online](#). It will help you pinpoint your group's needs, and will assist NCCE in putting together a top-notch seminar for your organization.

For further details on NCCE seminars, telephone NCCE at 850-561-6081 or email contact@nccetraining.com

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NCCE Past In-House Seminar Clients

Partial listing of clients who have had this and other NCCE seminars presented in-house:

- Jones, Day, Reavis & Pogue
- Weil, Gotshal & Manges
- Greenberg Traurig
- Alston & Bird
- Ice, Miller
- McDermott, Will & Emery
- Drinker Biddle & Reath
- Arnall Golden & Gregory
- Irell & Manella
- Bass, Berry & Sims
- Harley – Davidson
- Oracle
- Florida Power & Light
- Burger King
- Stanley Tools
- National Institute of Science and Technology (NIST)
- Hewlett – Packard
- General Mills
- J. M. Family Enterprises
- Motorola
- Deloitte
- U. S. Small Business Administration

About the National Center for Continuing Education

Since 1984, the National Center for Continuing Education (NCCE) has produced and marketed continuing professional education and executive training in major cities throughout the United States. We provide critical business information to Fortune 1000 managers, attorneys, CPAs, healthcare administrators, engineers and business owners nationwide. For over 25 years we have offered informative, exciting continuing education led by the nation's most qualified instructors.

Your Seminar Will Be Led By One of NCCE's Expert Faculty

Bruce Clements, CPA, Ph.D., JD, MBA

Bruce is an attorney as well as a CPA and college professor. His practical work experience includes several years with a Big-4 accounting firm, operational accounting and financial analysis with a major oil company, and work as a practicing attorney and CPA. His varied education, practical work experience, and proven platform skills help him to deliver an interesting presentation.

Richard T. Balog, CPA, CFE, CIA

Richard has managed consulting engagements and led executive development programs in 25 countries and trained more than 70,000 business executives. Prior to his current position, Rick established KPMG Peat Marwick's executive education department, where he designed and taught audit training programs. He has also served as manager of program development for The Institute of Internal Auditors. Rick holds degrees in accounting and management from Loyola University and an M.S. in behavioral sciences from the University of Florida. He has won awards from The Institute of Internal Auditors and The American Institute of Certified Public Accountants for leading outstanding seminars.

Joe Weil, CPA, MBA

Joe is an exciting and dynamic professional speaker who has led over 400 financial seminars for attorneys and CPAs. He has a special talent for explaining abstract accounting and auditing concepts in a concrete, crystal-clear, entertaining manner that any financial professional can understand. Joe has owned his own CPA firm, conducted numerous forensic audits and has served as an expert witness. His philosophy is that entertainment and education should be mixed for maximum benefit and this attitude has consistently resulted in very satisfied seminar participants.

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NCCE In-House Seminar Questionnaire

Analytical Review Procedures for Effective Audits and Financial Analysis

Company/Firm:

COMPANY/FIRM NAME _____ TELEPHONE NUMBER _____

MAILING ADDRESS _____ FAX NUMBER _____

CITY _____ STATE _____ ZIP _____

Contact Person:

SAL NAME _____ TITLE _____

CONTACT TELEPHONE NUMBER _____ EMAIL ADDRESS _____

Basic In-House Information:

DATES DESIRED _____ LOCATION _____

HOW MANY WILL ATTEND? _____ ATTENDED NCCE TRAINING BEFORE? _____

ATTENDEE TITLES _____

ATTENDEE EDUCATION BACKGROUND AND EXPERIENCE _____

WHY IS TRAINING NEEDED? _____

COMPANY TO ANALYZE _____

Additional Information:

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