

# Colorado State Auditor's Office Uses IDEA to Review Financial Statements

## Highlights

- Full year of financial data contains millions of transactional records
- Data importing, cleansing and analysis requires hundreds of hours to process
- Statistical sampling saves hundreds of hours and requires less staff

## About

The Colorado Office of the State Auditor (OSA) is tasked with reviewing one full year of all state financial transactions to deliver findings related to the financial audit for the State of Colorado.

## Challenge

Several full-time employees are assigned to manually upload, cleanse and analyze millions of transactional records. The complex process utilizes several audit staff and hundreds of hours of looking at the data in detail. The OSA realized statistical sampling would help produce reasonably-sized samples to test for controls or monetary misstatement, offer the ability to project the sample findings back to the overall population, and would provide a more efficient process.

## Solution

The Office of the State Auditor reached out to the Audimation Services Solutions Development team for guidance on efficiency opportunities regarding its statistical sampling approach. After parameters were established, statistical samples were produced and shared with the auditors to ensure transactions were properly recorded. Samples were drawn and evaluated based on size and efficiency levels to meet the sampling objectives and deliver optimal time savings. The data was then verified and imported back into IDEA for further analysis to provide their evaluation and conclusions, which would be used to aid in the overall evaluation of the State of Colorado's financial statements.



The Solutions Development team we worked with helped us establish and produce a process we could apply ourselves and gave us peace of mind that the work was performed with the highest levels of integrity. With their help, we moved from a cumbersome process to a highly efficient practice where we could focus on what the results indicated and determine what other tests needed to be performed. It gave us a closer look in at-risk areas.

— Cynthia Hochmiller,  
Legislative Audit Manager,  
Office of State Auditor -  
State of Colorado

## Results

The Solutions Development team delivered a process the audit team could apply themselves and easily share the results with senior-level staff. The process succeeded by refocusing the sampling planning to concentrate on the accuracy of each fund rather than multiple lines of business.

The new process saved hundreds of manual hours and provided the team with a simplified system that accomplished their statistical sampling goals. The time savings allowed the audit managers to look more closely at the data and determine which areas should be included as part of the population to search for errors that could potentially affect the financial statements. It also gave them more time to conduct other types of tests, including compliance and eligibility for programs. More importantly, the State of Colorado Auditor's Office was able to issue a clean or "unmodified" opinion on the State's financial statements.