

takeaways

OPERATIONS

Making Sense of Your Audit Data

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More than 50,000 keystrokes! Did you know a typical convenience store retail audit requires more than 50,000 individual keystrokes? If you printed out each entry made by the auditors, your report would be more than 100 pages. While no one looks at that level of detail, how do you decide who looks at what? And what is the right amount of data to look at?

“Less data is more” is a good rule of thumb, but only if “less” helps the user make better, faster decisions. This is certainly true when it comes to making sense of your audit data. “Less is more” precisely because it requires more thought to create “less” data and reports, saving time and money. So let’s look at various types of data and reports by function.

At the Store

The auditor and store operator need to look at data that will help them answer two questions: ‘Is this audit accurate?’ and more importantly, ‘Can I take action with confidence, based on this audit?’

Some auditors print an audit trail that details every single entry. While this makes sense in theory, in practice it takes more time to look at this level of detail than it took to count the location in the first place. When this level of detail is made available, it is usually ignored as an impractical tool.

A better tool for identifying potential errors in the physical count is a comparison of today’s audit counts with the previous audit in the same location. To make this comparison report tool useful, the physical count must be divided into sections as small as practical while still per-

mitting the consistent counting of the store the same way each time. Why? Because the smaller the section, the more obvious an error in the physical count becomes.

As a general rule, the physical count should be broken into four-foot sections for comparison purposes. If at all possible, counts should be broken into sections of less than \$1,000. Any sections that do not compare favorably to the physical count from the last audit should be recounted and verified.

The comparison report process can be expedited by applying exception reporting. The audit report should highlight any sections that vary more than 15 percent or \$250. The exception parameters can be adjusted to reflect store size and variability.

This data management using the comparison report and the exception report at store level greatly simplifies and streamlines the audit analysis. It is indeed less, but it is also more because it helps to reveal accuracy and to foster a higher degree of confidence in the audit process. With a higher degree of confidence, the store manager is more likely to take action on any problems the audit revealed.

At the Accounting Office

Data required by the accounting office to reconcile the audit should be delivered by the auditor in a format that does not require the office personnel to re-enter the data. This can be accomplished in three ways:

- ▶ By the auditor’s actually entering key pieces of information into the back-office system at the store

- ▶ By electronic data interchange (EDI)
- ▶ By posting the data to a Web portal that allows the accounting personnel to import the data anytime

Delivery of audit data in a format that the accounting department can immediately use saves time and money. Once again, “less is more.”

Information for Store Operations

Your auditors should be a source of valuable insights into the operations at store level. At a minimum, auditors can report on customer care, employee appearance and attitude, paperwork preparedness, cash management, compliance and controls, and merchandising. However, before this information

is reported, the auditors must first sort the information for relevance and trends. Then the auditors should customize a report for each level of management. For example, store supervisors may want many details about their stores, but the vice president of operations is usually more interested in trends and the more serious violations of company policy

and procedure.

To provide this “less is more” information in a meaningful and cost-effective manner, the reporting process must be automated so each person can make better, faster decisions.

Managing Audit Integrity

All the audit data detail should be analyzed to determine if audit integrity is being maintained. Once again, analyzing the right stuff makes this possible and practical. For example, software should be developed that analyzes each auditor’s keystroke detail to identify any auditors who may

the gist

▶ “Less data is more” is a good rule of thumb only if “less” helps the user make better, faster decisions.

▶ Your auditors should be a source of valuable insights into the operations at store level.

▶ Analyze all audit data in detail to determine if audit integrity is being maintained.

takeaways

> **12** not be counting accurately or who may be taking shortcuts. From a practical standpoint, this can only be done by running the data through software that is designed to analyze keystroke detail.

In today's increasingly computerized world, managing data is a huge challenge. Applying some of these ideas to managing your audit data can help you and your organization make better, faster decisions. ○



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