



As recipient of the [1996 Alfred Coini Award](#) for [Computational Auditing](#), I gratefully give back by launching an *international contest* highlighting the classical Dutch audit approach.

The award of five [Canadian 1 oz 2021 platinum coins](#) is to be won by the *organizer* of a special private-public partnership in an innovative computational auditing environment.

Goal

The audit for *completeness of reported revenue, or reported pollution*, first of all requires the *completeness of the quantitative flow of goods and/or services*. In other words, the auditor is to know first the *turnover volumes of products**, and then, based on these quantities, the perspectives of financial revenue and produced pollution: *quantitative mainstay*.

For that purpose, it comes down to the *most crucial* completeness control: audit-technical segregation of duties at *key points of first recording* in the flow of goods and/or services. With an *unavoidable* participation of an *external* party providing the *recording duty* and showing audit evidence of its *uninterrupted* continuous operation[‡]: *qualitative mainstay*.

Criteria

The criteria for the partnership project structure are as follows:

1. Parties

a) *Primary* private-sector parties

- i) *Proven* parties: Franchisors, dealer organizations, patent holders, receivers of royalties, investment companies, private equity firms, and receivers of fees based on third-party revenue. The proven private parties share a common interest in completeness of revenue as realized and reported by third parties.
- ii) *New* parties: Organizations with audit evidence initiatives for completeness of pollution and waste, either in method (audit firms) or in practice (audit clients).

b) Private-sector *recording* parties are independent *providers* of continuous operation: Online reservation systems for product ordering, with delivery logistics or generating electronic tickets for entry, stay, or transport; systems for (non)physical access control; sensor-based measurements of product turnover volumes; cyber secured product authentication; end-to-end digital tracking & tracing over supply chains, etc.

c) Public-sector party: To be determined in consultation with private-sector partners. For example, a revenue service of a tax jurisdiction.

* Turnover is here the cycle of buying products, with or without a follow-up technical transformation process, and then selling resulting end products. Thus, turnover volume is a nonfinancial number.

‡ Fortified by outsourcing the custodial duty (on recordings made) to an independent backup provider. An example of illustrative audit evidence: Nonstop recordings of a [sensor-based heartbeat mechanism](#).

2. Phases

- a) *Start phase*: Development of a state-of-the-art *completeness control template* for a few types of industry as showcases, including proof of uninterrupted operation. A primary private party presents an industry showcase and appoints a provider for an unavoidable participation at key points of first recording in the product flow. Each provider has dedicated software for a market vertical, for example for the hotel market: Providing a centralized key card system to open doors of rooms. Practical use of [results](#) of the *Next Generation Auditing project*, 2010-2019.
- b) *Middle phase*: Train the trainer and rollout in showcase market verticals, first primary then all in vertical, thus not limited to franchising and its variations.
- c) *Final phase*: International sales and fully filled top-down typology. Integration in [completed Audit Risk Model](#) for international adaptation, with nonnaïve *Inherent understatement Risk* ($IuR=1$). Return On Investment.

3. Aftercare: Keeping the online *completeness control template typology* up to date.

Proposal

The focus of the partnership proposal is to ensure both:

- Project course stability in achieving successful finalization and continued application; and
- Practical use of *Next Generation Auditing* project results: Full 80%-95% use of scientifically developed cost-effective audit modernization. That is, computational support for the transformation of a dimensioned vector of buy-side products (resources) to a dimensioned vector of sell-side products (including pollution), with coefficients for *proportionality* in a dimensioned Bill of Material matrix, and operational *causality* of production process steps in a dimensioned Place/Transition Net[§].

Campaign

The contest's campaign is to nominate one resourceful provider in each market vertical with their primary party's showcase design for the award. Accompanied by positive publicity. And organizing all nominated providers into one group: to get typology coverage and critical mass, sufficient to involve a public party that commits to optimal resources, and even incentives (for example, a tax agency). Again, accompanied by positive publicity.

The winning partnership organizer may come from this group of nominated providers. However, each of them is already a winner because all join the final winning partnership, thus gaining importance for their service, leading to faster full market appreciation. The winning organizer may also come from the public partner or from a primary private partner, although the group of nominees did set the stage by their impactful proactivism (provider activism as a variant of stakeholder activism). In these latter cases, the jury considers the approval of the nominees.

[§] The main result of the project received [valuable recognition](#), leading to a [very gratifying reference](#).

The planning is to bring the group of nominees, with the showcase designs of their primary parties, to fruition in the upcoming year and then to formally involve the public party.

Final

The partnership project can successfully be finalized in three to five years. The crowning reward for this achievement? The ultimate international recognition for the Dutch audit approach as the undisputed world champion in completeness assurance^{*}. With international invitations for project participants to share this neoclassical Dutch audit know-how at conferences and to sell it for global use in practice and training.

For *completeness of revenue*, the Dutch approach has been the Netherlands' best kept secret since the 1980s: Applied worldwide, but only available in Dutch books of that time.

For *completeness of pollution and waste*, now is an excellent time to reveal this secret. Why? Because the Dutch approach is globally the only proven audit approach with rational anchoring in the flow of products: First in units of measurement and then financially. Naturally, this makes it by far the most appropriate audit approach for completeness of pollution and waste. Scientifically, it is the only assurance for completeness that makes sense: exactly because it results from an audit process anchored in units of measurement.

This is good news for the contest's *new* primary partners, in particular audit firms looking into methodology for sustainability audits: Please consider saving your time and money and contact the contest for the *most effective and efficient* audit approach for pollution completeness. When you make a strong showcase proposal you might even win the award!

Jury, Dates & Contact

Members of the jury are: [Greg Peacock](#) (former CFO of the USA State of Georgia Department of Revenue during their franchise project[†]), [Chris Nedza](#) (former CEO of ZeeZor, campaign leader in Georgia tax agency's franchise project), [David Chan](#) (completeness assurance researcher), and [Philip Elsas](#) (ComputationalAuditing.com). The jury reviews proposals according to the stated criteria and verifies the organizer.

The contest is open for applications till January 1, 2025.

The award ceremony is on the starting day of the winning private-public partnership. Your contest proposal or inquiry is welcome: PhilipElsas@ComputationalAuditing.com

Gatineau, September 2023

^{*} Completeness is by far the most important audit assertion: Without completeness *all other audit assertions are compromised* by an omitted amount of key business data (material?). Even more so in case of fraud: An omitted amount as carefully selected by fraudsters!

Moreover, *compromised beyond repair* (for current audit year): Weak, missing, or interrupted completeness controls lead to key data omissions, which can never be remediated by statistics, Big Data, Dempster-Shafer, Artificial Intelligence, etc. *Absent key data cannot magically become present* (at least not to an auditor).

[†] Atlanta, Georgia can be considered the capital of the franchise world because it hosts the corporate offices of more than 25,000 franchise formulas (not for fiscal reasons but historically grown), as outlined in [panel session 5.11](#), sponsored by the AAA Strategic and Emerging Technologies Section and CaseWare IDEA Inc.