



IT Audit – Internal Audit Role and Activities

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Agenda

- **IT Audit – Internal Audit (Roles and Responsibilities)**
 - ✓ Assurance
 - ✓ Consultation
- **Audit Cycle**
 - ✓ Risk Assessment and Annual Audit Plan
 - ✓ Engagement Planning
 - ✓ Engagement Execution
 - ✓ Reporting and Follow-up

Internal Audit – Roles and Responsibilities

Assurance

- Board of Directors/Audit Committee
 - Audit Charter
 - Independent of management
- External Audit
 - Reliance/Re-performance (SAS 65)
- Management
 - Audit requests

Consultation

- Risk management and mitigation
- Process and control design
 - Independence



Assurance vs. Consultation



Assurance

- Opining on the design and effectiveness of processes and/or controls

Consultation

- Providing guidance and/or assistance in remediation efforts
 - Process improvement
 - Risk mitigation

PERMISSABLE FOR AUDITORS TO CONSULT WITH CONSIDERATION

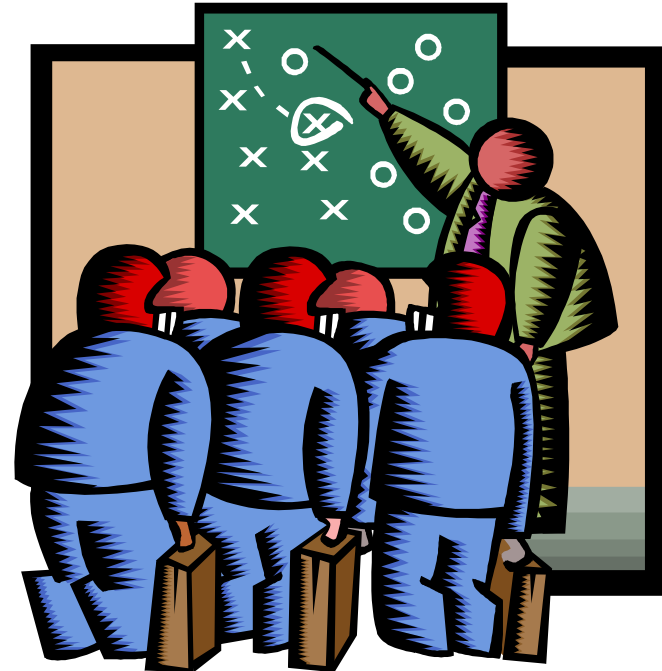
Risk Assessment and Annual Audit Plan

- Framework based in people, process and technology
- Business environment
 - ✓ Mergers/acquisition
 - ✓ Regulatory matters
 - ✓ Key business initiatives
 - ✓ Management requests
 - ✓ Pain points
- Involve IT and the Business
- Board of Directors/Audit Committee Approval
- Engagement schedule and resource plan



Engagement Planning

- Planning memo
 - ✓ Scope
 - ✓ Objectives
 - ✓ Skills
 - ✓ Timing
- Communication and Protocol
- Work plan
- Approval



Consultation memos should include verbiage regarding independence consideration

Engagement Execution - Assurance

- Walkthrough processes and controls
 - ✓ Prepare
 - ✓ Inquisitive
 - ✓ Skeptical
 - ✓ Inspection (Documents and systems)
 - ✓ Document what you observe
 - ✓ Be professional and respectful
- Testing
 - ✓ Work papers should “stand on their own” and support the work performed and conclusions
 - ✓ Focus on control objectives and risks

Engagement Execution - Consultation

- Understand the objective/goal of the project
- Clearly defined roles and responsibilities (RACI chart)
- Responsibility to the Board of Directors/Audit Committee
- Collaborative
- Knowledge of the organization
- Independence considerations
 - ✓ Future audit activity



Reporting and Follow-up

- Confirm observations/findings are factually correct
- Verify recommendations are appropriate
- Work with Management to develop commitment to remediate
- Understand your audience
- Articulate risk associated with observations/findings
- Assign responsibility to individual(s) including a due date
- Proactively follow-up with Management throughout remediation

Collaborate and Integrate

- Schedule periodic updates
- Stay current on IT initiatives and organizational changes
- Revisit audit plan often
- Provide thought leadership



Closing remarks

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