

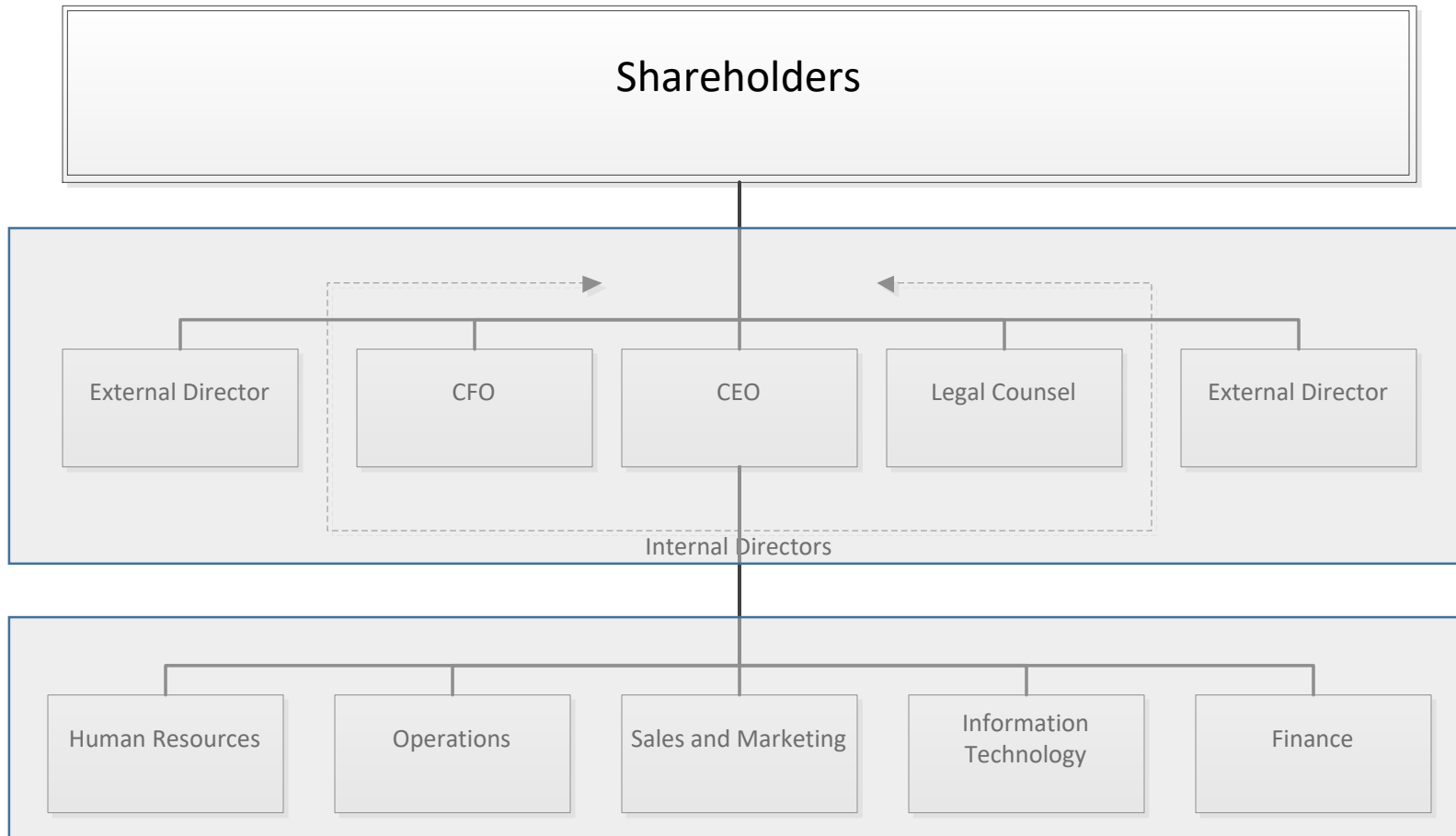


IT Audit Process

Prof. Mike Romeu

January 30, 2017

Corporate Structures



Governance Level:

- Board of Directors

Responsible for:

- Evaluate
- Direct
- Monitor

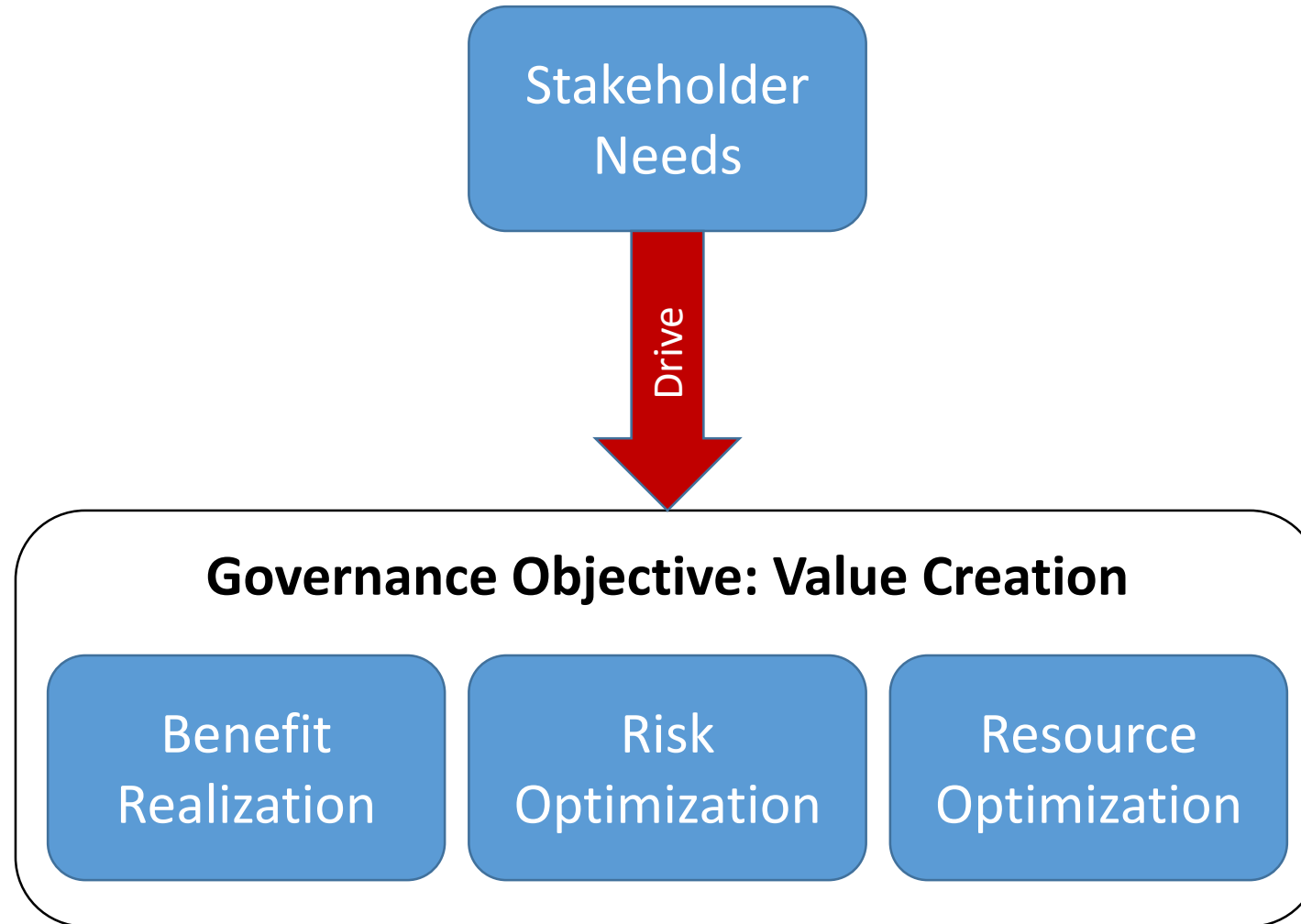
Management Level:

- Management

Responsible for:

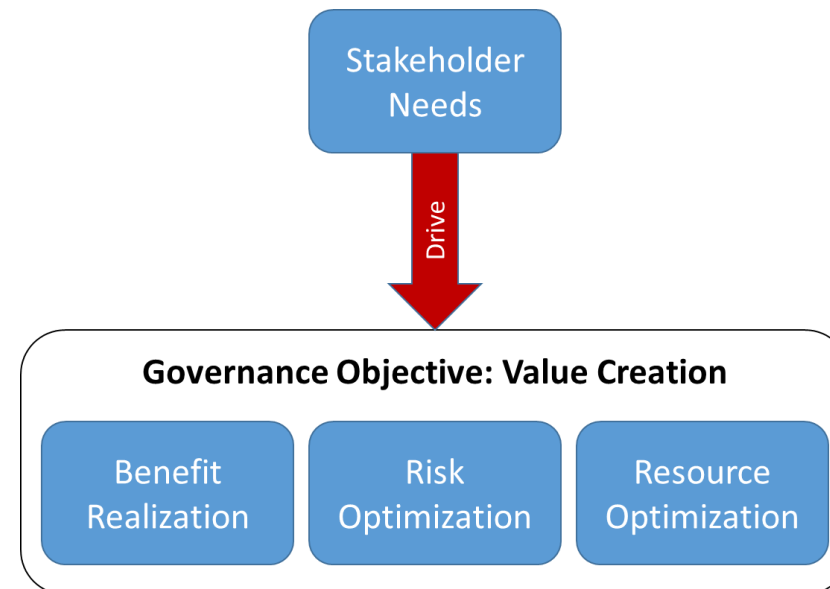
- Plan
- Build
- Run
- Monitor

What is the Objective of Governance?



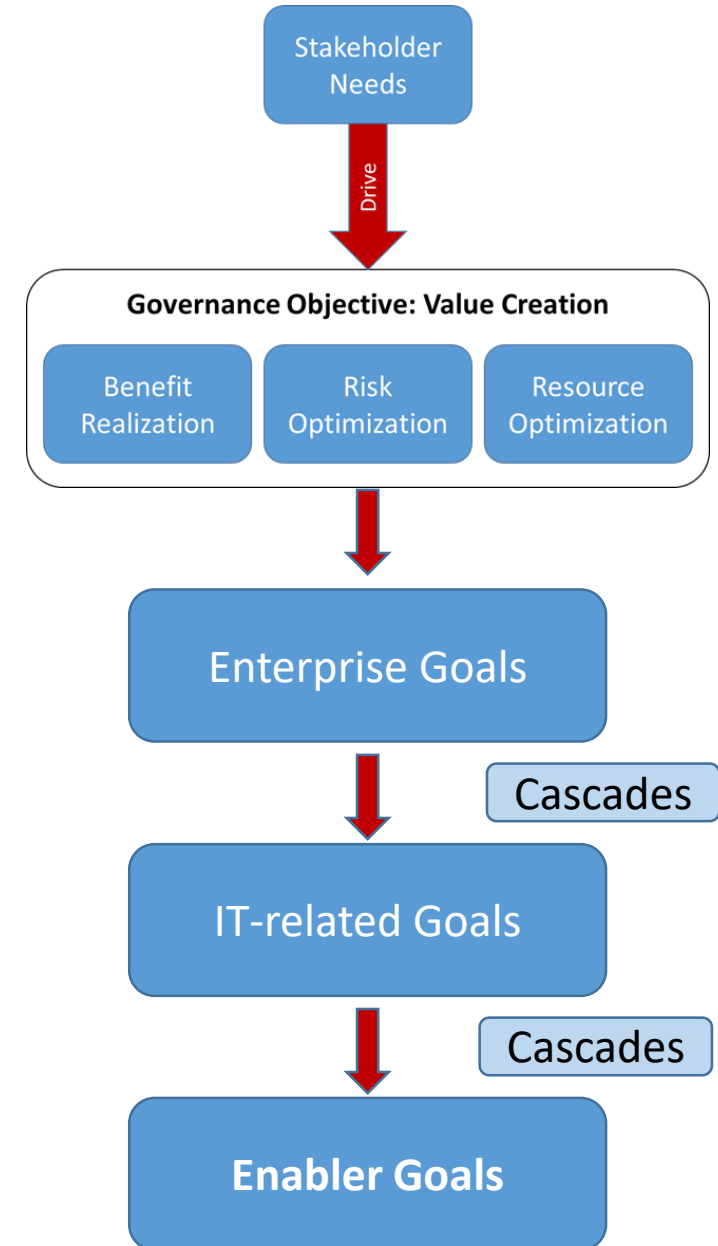
Meeting Stakeholder's Needs

- Many Stakeholders and many definitions of Value
- Governance – Negotiating and deciding amongst different Stakeholder's values and interest
- Governance System – must consider all Stakeholders when making decisions about
 - Benefits
 - Resources
 - Risk Assessment
- For each decision to make
 - Who receives the benefit?
 - Who bears the risk?
 - What resources are required?



Aligning Enterprise and IT Goals

- **Stakeholder's Needs** - Driven by
 - Market Changes
 - Competitive Environment
 - New or Changed Technology
 - Changes in Regulatory and Business Environments
- Stakeholder's Needs help set **Enterprise Goals**
 - Financial Goals
 - Customer Goals
 - Internal Processes Goals
 - Learning and Growth
- Enterprise Goals help define **IT-related Goals**
 - Financial Goals
 - Customer Goals
 - Internal Processes Goals
 - Learning and Growth



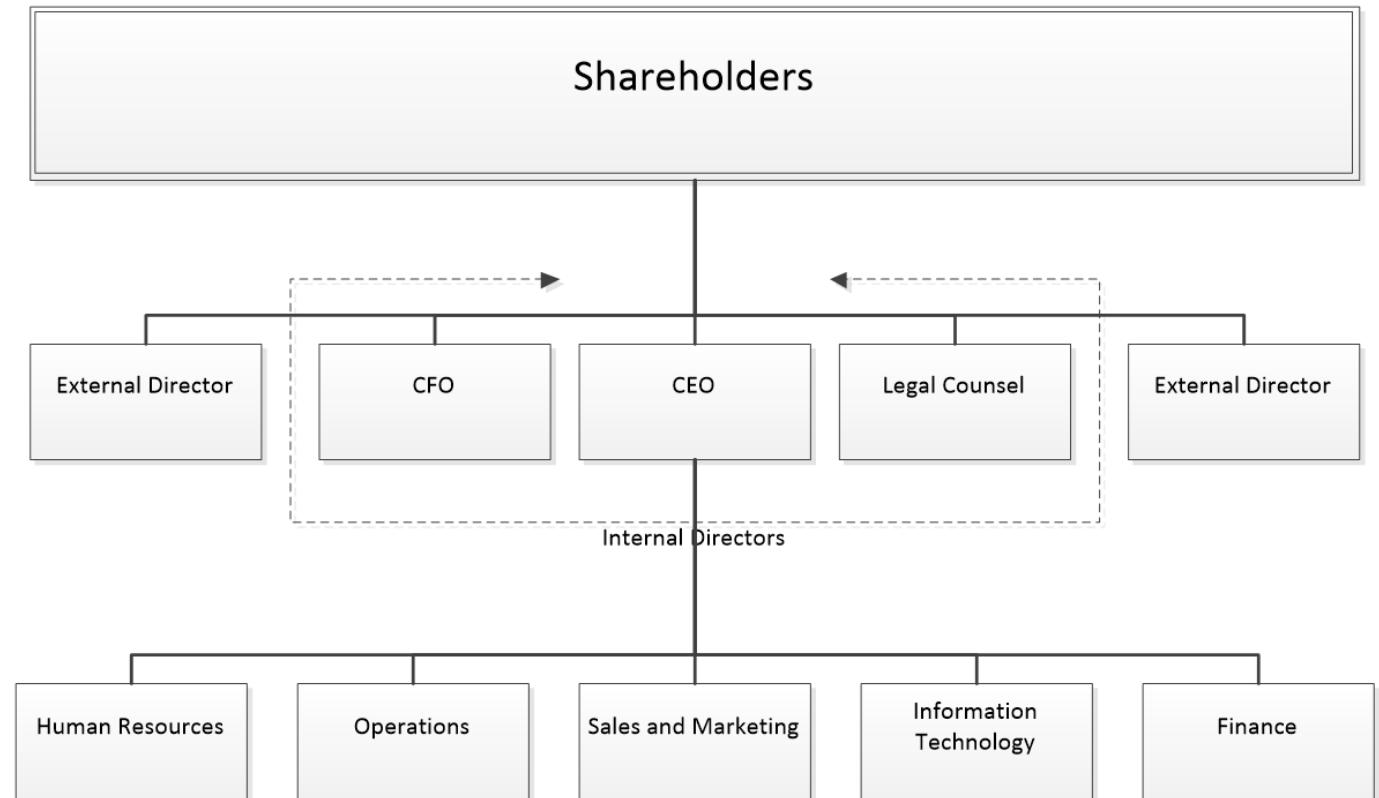
The Role of the Audit and Assurance Professional

- **Assurance** – pursuant to an accountability relationship between two or more parties, an IT audit and assurance professional may be engaged to issue a written communication expressing a conclusion about the subject matters to the accountable party.
- **Audit** - Formal inspection and verification to check whether a standard or set of guidelines is being followed, records are accurate, or efficiency and effectiveness targets are being met.
- **Assurance engagements can include:**
 - support for audited financial statements,
 - reviews of controls,
 - compliance with required standards and practices, and
 - compliance with agreements, licenses, legislation and regulation.

Five Components of Audit and Assurance

1. Three-party relationship, including:

- The accountable party (auditee)
- The user of the assurance report
- Assurance professional

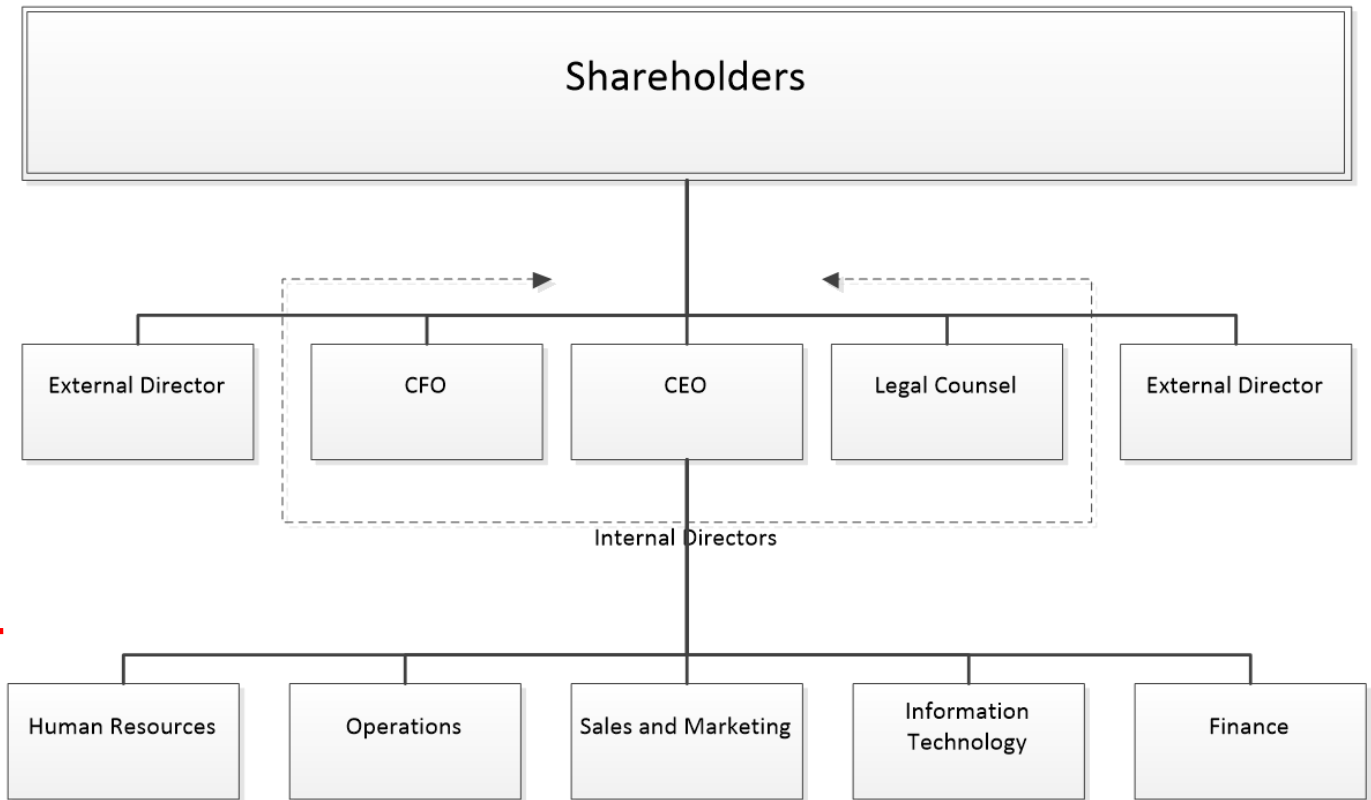


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Accountable Party

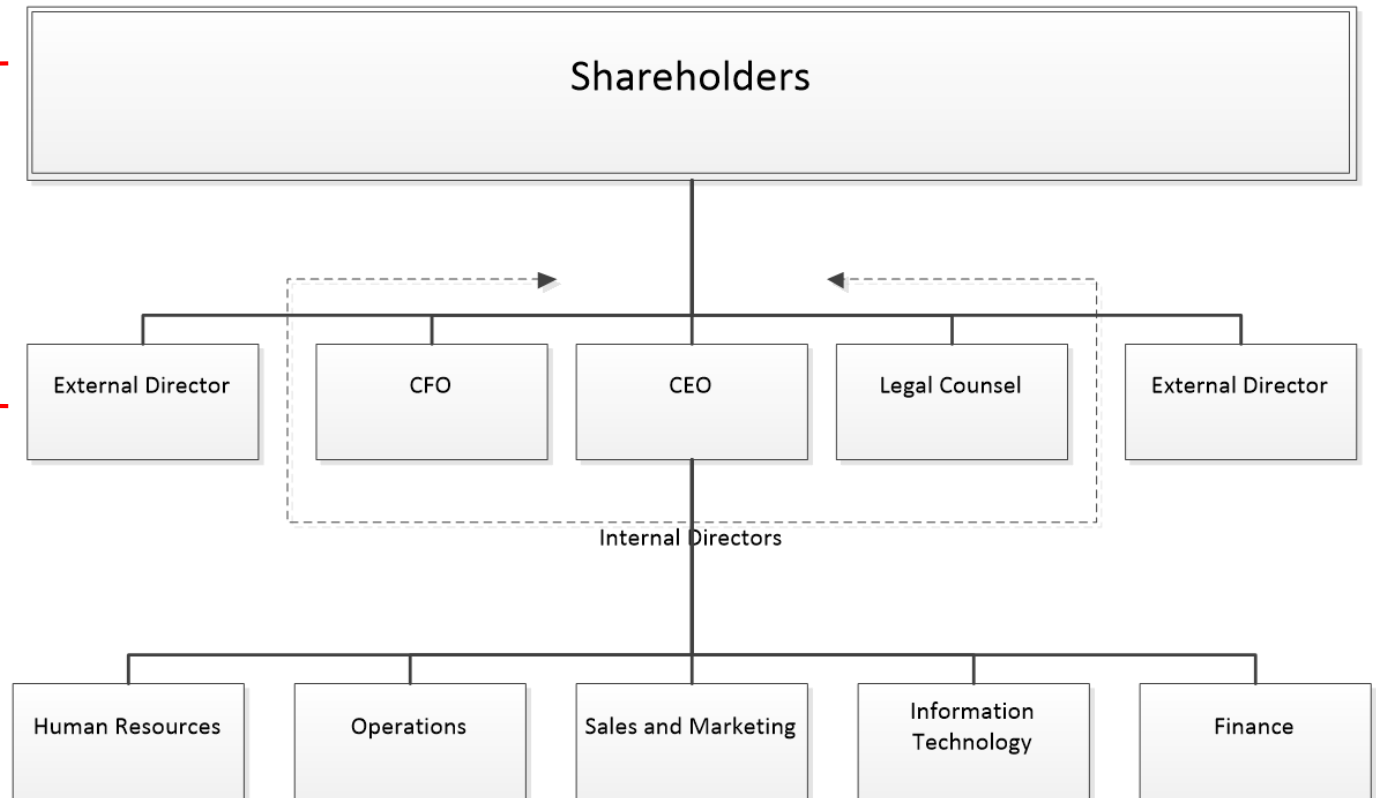


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User of assurance report



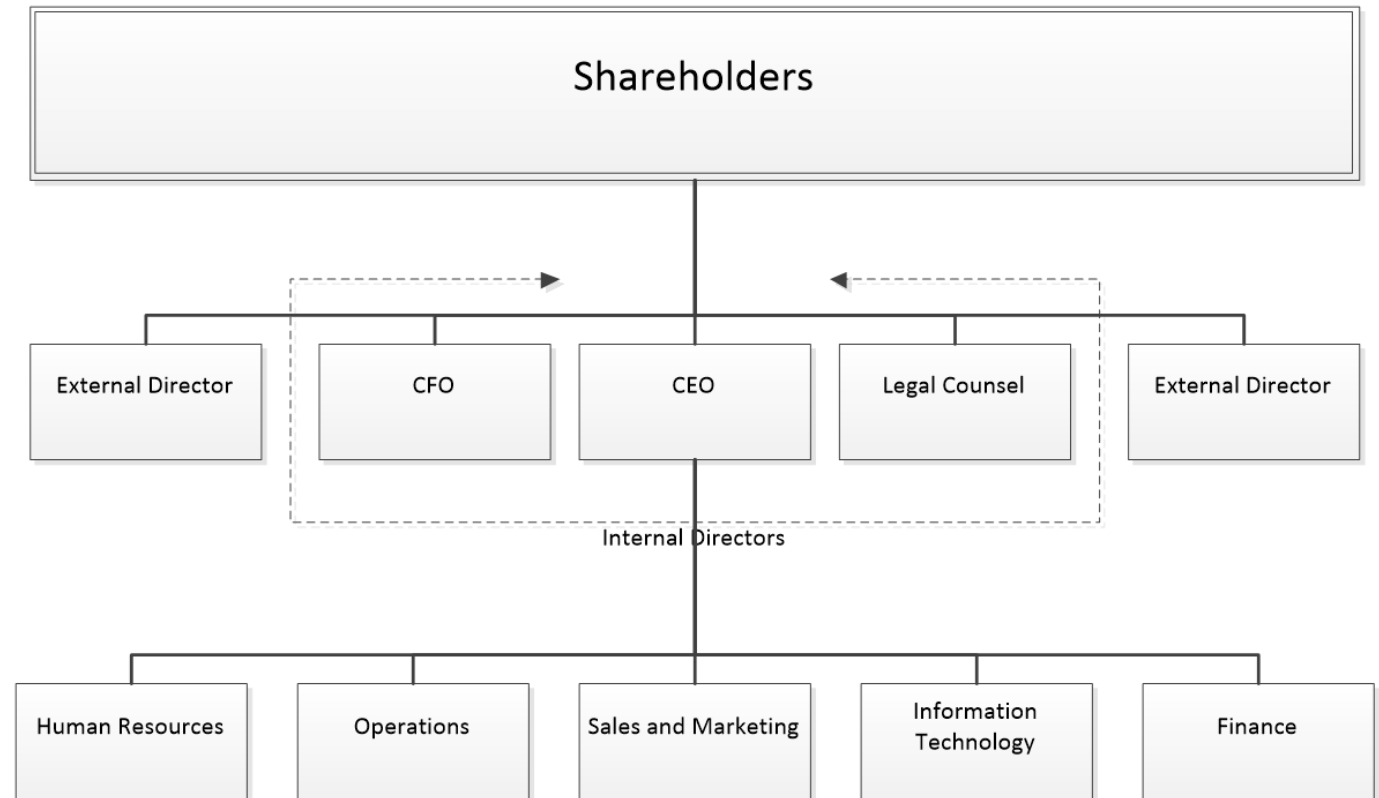
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IT Audit Process



Five Components of Audit and Assurance

1. Three-party relationship, including:

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2. Subject matter – the area within the audit universe that are under review in the assurance assignment.

3. Suitable criteria – reference against which the subject is evaluated

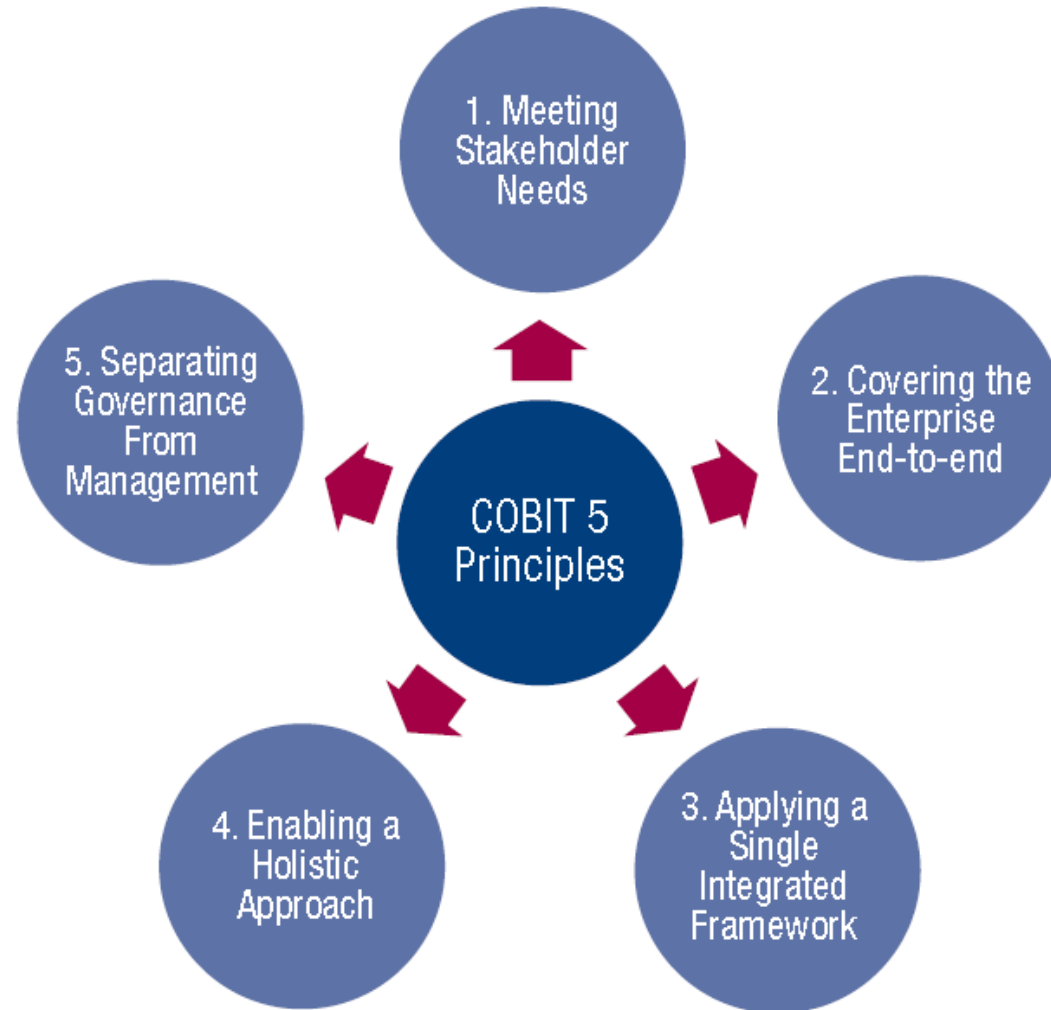
- Usually established by Management
- Design evaluated by assurance professional

4. Assurance Process –structured approach for execution of engagement

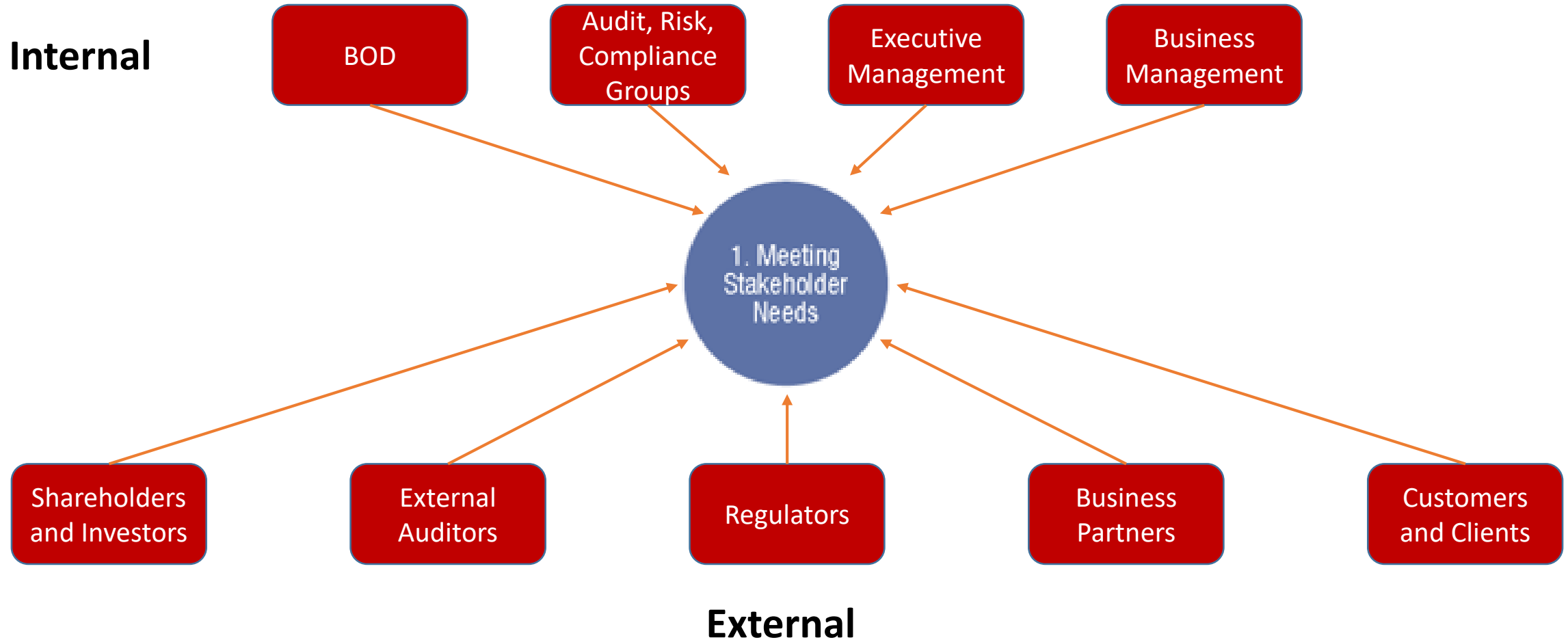
5. Conclusions and recommendations

- Based on observations, facts and documentation
- Identify control weaknesses and root causes
- Substantiate the risks
- Make recommendations

Principles of Providing Assurance



Principle 1: Meeting Stakeholder Needs



Assurance Engagement Types

Characteristics	Self-Assessment	Internal Audit/Compliance Review	External Audit
Independence Requirements	<ul style="list-style-type: none"> Not required or guaranteed Objectivity of self-assessors should be encouraged by defining clear responsibilities and correct follow-up. 	Should be optimised by the correct composition of the internal audit/compliance department members	Independence of the external auditors should be established, verified and maintained.
Interested Party (user)	Enabler owners	Executive management, audit committee, operational management and enabler owners involved	Primarily directed toward the board/shareholders, but of importance to the enterprise in general
Responsible Party (accountable party)	Enabler owners	Management and business enabler owners involved	The board and executive management involved
Assurance Provider (assurance professional)	Enabler owners	Internal audit/compliance Department	External auditor
Reporting Format and Requirements	<ul style="list-style-type: none"> Free format Internal consistency required 	Internal consistency required, in line with professional standards	Highly regulated/standardised
Governing Rules/Standards	Standardised approaches based on good practices required	<ul style="list-style-type: none"> Standardised approaches based on good practices required Professional standards and code of ethics to be respected 	Adherence to applicable codes of ethics and standards should be established, verified and maintained.
Level of Trust (reliability)	<ul style="list-style-type: none"> Lowest Depends on the skill and objectivity of the assessor 	<ul style="list-style-type: none"> Medium Depends on the skill and expertise of the internal audit/compliance department and on co-operation of the accountable party 	Maximal

Governing Rules and Standards – IT Audit Framework (ITAF)

- IT Audit and Assurance Professional Standard
 - Roles and Responsibilities
 - Knowledge and Skills
 - Diligence, Conduct and Reporting Requirements
- Standards are mandatory
- Guidelines, tools and techniques aid performance

- Code of Professional Ethics – Guide for professional and personal conduct of members of ISACA and/or its certification holders

Section	Standards	Guidelines
General	1000	2000
Performance	1200	2200
Reporting	1400	2400

For Discussion

Mark Martinez, Sr. IT Auditor, is preparing his audit plan for the year. Last year's objective was to review the controls for the company's network in preparation for the new e-commerce portal. The new e-commerce portal was successfully rolled out at the end of November 2012 just as he was presenting his audit report to the management team.

This year the Executive Director of Web Services has indicated that he prefers to focus the audit on a newly-implemented Mobile Device Management (MDM) system used to manage the iPads deployed to the field (Sales and Marketing).

How should you as the auditor respond?