



IT Audit Process

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Change Management Project

Question: What date range is Q2, and which is Q3? Are the changes in the list without the "Change Request" column filled out with a number "Emergency Changes?"

Answer: Our fiscal year starts January 1 and ends 12/31.

- Q1 = Jan 1 – Mar 31
- Q2 = Apr 1 – Jun 30

As for missing change request numbers ("Change Request" column) I don't know. Every change request submitted to our group is issued a number. I would have to get back to you on that.

Change Management Project

Question: Do you have a list of all SysAdmins during Q3? Do you have a list of SysAdmins broken out by responsibility of who creates the changes, who tests the changes, and who migrates the changes to production?

Answer: You will find a list of System Administrators in the org chart. Just in case you don't have one you can find it in the attachment.

System Administrators are the only people that can promote changes to production. Once the change has been accepted by the person who requested it the change goes into a queue for System Administrators.

Anyone can create request a change. The change can only be made when it has been approved by the business owner. The change is first made in a development environment. It is only promoted to test when development is complete. UAT is performed in the test environment. The environment in test is a very close approximation of Production. If the Requester is satisfied with the results of the tests he or she approves the change to be promoted to production. At that point is when Sys Admins get involved.

Audit Evidence

- Must be **relevant**?
 - Is consistent with audit **objectives** and supports audit findings and recommendations.
- Must be **reliable**?
 - Accurate, verifiable and from objective sources.
- Must be **sufficient**?
 - Factual, adequate and convincing such that a prudent person would reach the same conclusions as the auditor.

Evidence-Gathering Procedures

| Procedure | Comments |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inquiry and Confirmation | <ul style="list-style-type: none">• Least reliable. Consists of interviews usually driven by checklists. |
| Inspection of Records | <ul style="list-style-type: none">• Paper, computer printouts, plans and reports, etc. Originals are better than copies; system-generated; gathered by auditor. |
| Inspection of Assets | <ul style="list-style-type: none">• Existence and condition. Verify/record ID, serial#, etc. |
| Observation | <ul style="list-style-type: none">• Watching a person or system execute the process or transaction |
| Re-performance | <ul style="list-style-type: none">• Executing again and recording how it happens, not how it <u>should</u> happen. |
| Re-calculation | <ul style="list-style-type: none">• Carrying out calculations manually or by other independent means recording the results. |
| Scanning | <ul style="list-style-type: none">• Looking for things that do not belong or do not follow a pattern. |

Other Evidence Considerations

- Source, nature and authenticity
 - Written rather than oral
 - From independent sources
 - Obtained professionally rather than by auditee
 - Certified
 - Kept by an independent party
 - The results of inspection and observation
- Identify, cross-reference and catalogue
- Retention, availability and disposal
- Protect from unauthorized disclosure or modification

Testing

- First... Testing

An audit test is a procedure performed by the auditor in order to assess the accuracy of various financial statements and the effectiveness of controls.

Testing

Compliance Testing

- Existence and Effectiveness of controls
- Good for testing General Controls
- Access, Change Management, Log Review, Software Licensing

Substantive Testing

- Integrity and accuracy of transactions
- Good for testing IS Controls
- Account balances, transactional integrity, complex calculations

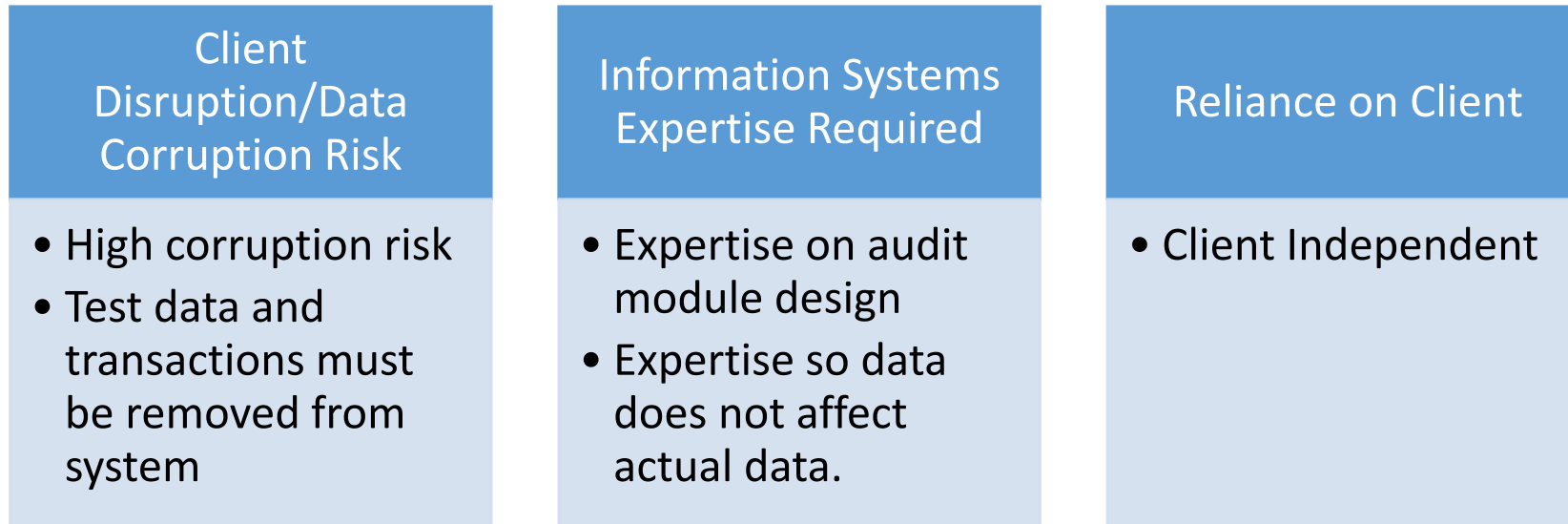
Test Data

Client provides a copy of existing application software. The auditor only gains information as to how this version of the application works

| | | |
|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Client Disruption/Data Corruption Risk | Information Systems Expertise Required | Reliance on Client |
| <ul style="list-style-type: none">• Minimal• Using copy of the application | <ul style="list-style-type: none">• Minimal but...• Requires test data preparation• Requires understanding of internal logic | <ul style="list-style-type: none">• Client provides copy of the application• Is it an exact copy? |

Integrated Test Facility (ITF)

The ITF is designed into the application during system development.



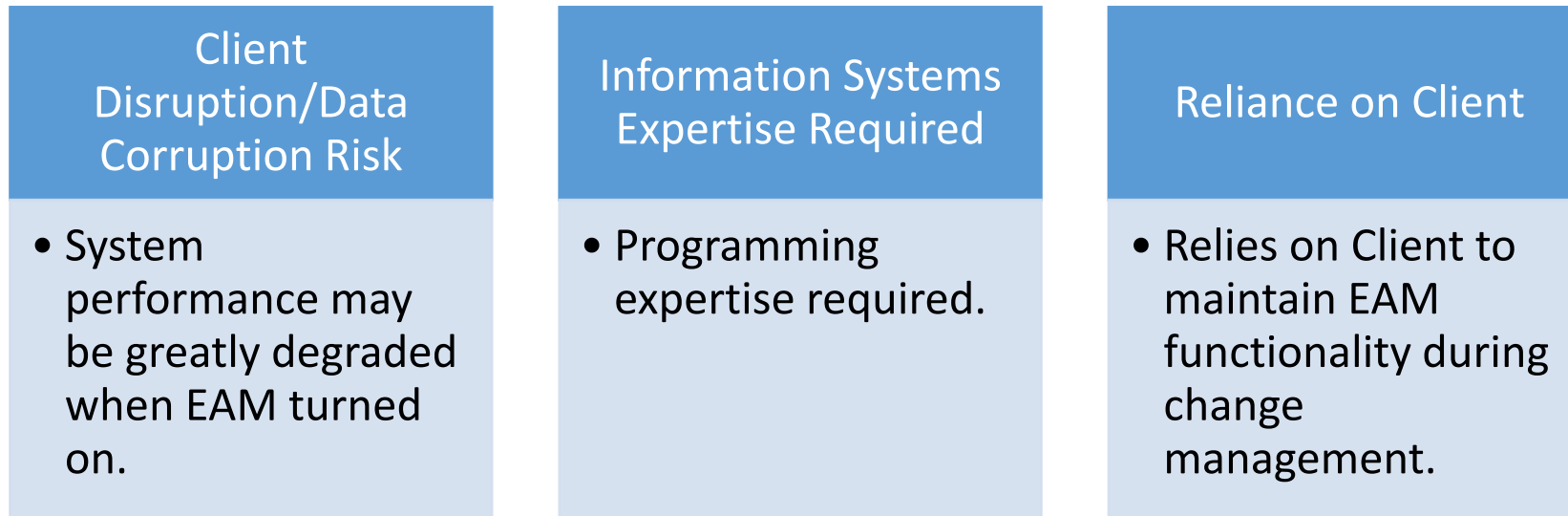
Parallel Simulation

The parallel simulation can run alongside the client's application or can be executed at intervals using accumulated client data.

| | | |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Client Disruption/Data Corruption Risk | Information Systems Expertise Required | Reliance on Client |
| <ul style="list-style-type: none">• Minimal – simulation does not affect client processing | <ul style="list-style-type: none">• System complexity dictates the level of expertise required.• Consider using GAS | <ul style="list-style-type: none">• Client Independent |

Embedded Audit Module (EAM)

Although due to disruption factors, the auditor may choose to turn the module on and off at different points in time, thus reducing the online effectiveness.



Generalized Audit Software (GAS)

Typically, the client's period-end data are accessed.

| Client Disruption/Data Corruption Risk | Information Systems Expertise Required | Reliance on Client |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Minimal• Processing occurs within the auditor's system | <ul style="list-style-type: none">• Relatively easy to use.• Little background for effective use of GAS• Complex data structures may require client support. | <ul style="list-style-type: none">• Minimal reliance on client |