

# **FOX | ITACS**

**Master of IT Auditing & Cyber-Security**

 Fox School of Business  
TEMPLE UNIVERSITY®

# IT Audit Process

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Week Six – IT Audit Planning

# IT Audit Planning Process

- Institute of Internal Audit Standards - Section 2010: Planning
  - “The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.”
  - To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organization’s strategies, key business objectives, associated risks, and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organization’s business, risks, operations, programs, systems, and controls.

# IT Audit Planning Process

- 2010.A1 – The internal audit activity’s plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.
- 2010.A2 – The chief audit executive must identify and consider the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions.
- 2010.C1 – The chief audit executive should consider accepting proposed consulting engagements based on the engagement’s potential to improve management of risks, add value, and improve the organization’s operations. Accepted engagements must be included in the plan.

# IT Audit Universe and Entities

## ➤ IT Audit Universe

- An IT audit universe represents the potential range of all technology audit activities and is comprised of a number of auditable technology entities. These entities generally include a range of programs, activities, functions, structures and initiatives which collectively contribute to the achievement of the company's strategic objectives.

## ➤ IT Audit Entities

- Network
- Servers (Mainframe, Unix/Linux, Windows)
- Middleware
- Databases
- End user computing
- Cloud and virtualization
- Disaster recovery
- Internet and mobile banking,
- Etc.

# Audit Annual Planning Process



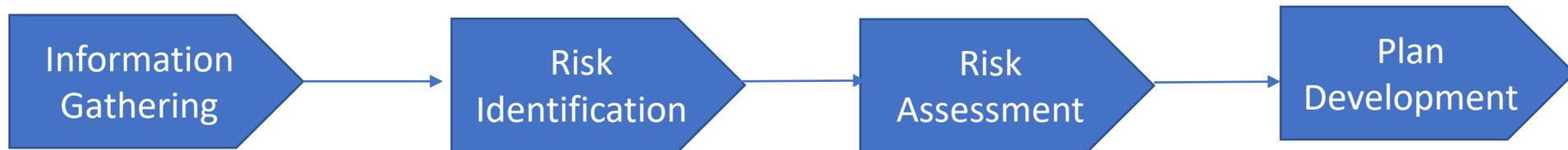
# Understanding Audit Cycle

- The frequency or schedule of performing a specific audit
- Based on the risk assessment
  - Risk based audit approach
  - High Risk – 12 -18 months
  - Medium Risk – 18 – 36 months
  - Low Risk – every 3 years
- Out-of-cycle audits need to be explained
- Audit cycle is not “Static”
  - New business products
  - Significant events – e.g. sales practice
- Forward Looking

# Audit Plan Execution

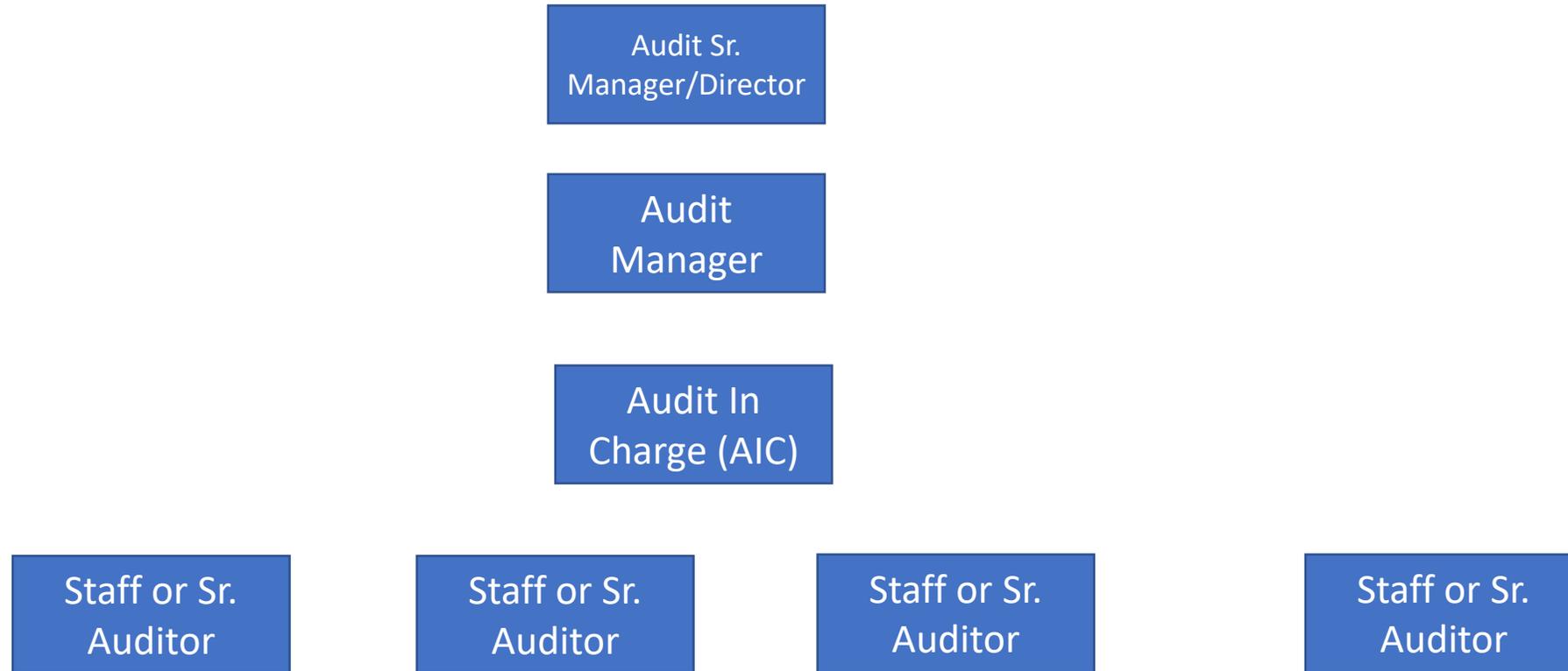
- Allocation of workload and resources
  - Schedule, utilization of auditors, status of business initiatives and projects, compliance deadline, etc.
- Outsource vs. Inhouse
- Identify subject matter expertise (SME)
  - Co-sourcing mode
  - Engagement letter (roles and responsibilities, fees, tasks and deliverables, etc.)
  - Knowledge Transfer
  - E.g. area: Model Risk Management, Cybersecurity, etc.
- Plan Completion and reporting

# IT Audit Planning Process (Entity Level)



# IT Audit Planning Process

## ➤ Audit Team



# IT Audit Team Roles and Responsibilities

- IT Audit Senior Managers/Directors
  - Oversight a particular IT audit area (e.g. infrastructure, applications, etc.)
  - Level three review (finding rating, audit report rating, etc.)
- IT Audit Manager
  - Oversight a number of IT audits
  - Level two workpaper review

# IT Audit Team Roles and Responsibilities

- The Auditor-In-Charge (AIC)
  - Provide directions to the audit team
  - Responsible for engagement letter, audit planning memo, request list
  - Assess the quality of the work of the audit team
  - Provide on-going communication to audit management and audit clients
  - Provide level one workpaper review
  - Develop the draft report
  - Prepare for the exit conference
  - Assess the performance of the audit team
  - Other logistics (budgeting, tracking requests and responses)

# IT Audit Team Roles and Responsibilities

- A senior IT Auditor
  - Plays an important role in the IT audit process
  - Develop testing procedures in responsible area(s)
  - Assigns auditing tasks to staff IT auditors
  - Coaches their associates and then look for errors in the work
  - Quality control Staff IT audit's workpaper
  - monitor the budget for the assignment,
  - verify compliance and then write up a report to make recommendations to managers
- Staff IT Auditor
  - Execute audit procedures
  - Prepare workpapers as instructed
  - Address review notes
  - Learning experience

# IT Audit Planning Process

- IT Audit Planning Consideration
  - Risks and risk management (self-assessment)
  - Control objectives
  - Resources
  - Opportunities (self-identified gaps)
- Information gathering
  - Research relevant technology background (internal and external)
  - Risk identification and assessment
  - Confirm key stakeholders, interviewees and deliverables
  - Prior audits

# IT Audit Planning Process

- Audit engagement letter
  - Audience – Auditees (management)
  - Context:
    - Purpose and scope of the audit
    - Kick-off date
    - Audit timeline (planning, fieldwork, report)
    - Deliverables
    - Audit team (roles and responsibilities)

# IT Audit Planning Process

- Audit planning memo (APM)
  - Audience – Audit Senior Manager/director; audit team
  - Context:
    - Background
    - Audit Objectives
    - Audit Scope
    - Risk Assessment Metrics
    - Out-of-scope area and rationale
    - Management self-identified issues
    - Prior audit rating and status of findings (if applicable)
    - Major initiatives and on-going projects
    - Key contacts
    - Audit timeline (three phases)
    - Audit team resources