INFORMATIONAL SYSTEM AUDIT PROCESS

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Gone are the days when the reasons of a business crash are investigated after its appearance. Development and implementation of a risk-based informational system audit process allow to the organization to be adequately controlled and avoid different threats and faults.

IS Audit Process

Information systems audit is a part of the overall audit process, which is one of the coordinator of successful and effective corporate governance. Informational systems exist in every business. They actually drive key business processes of enterprise.

IS audit is an essential event for further growth of a company. Thus the main purpose of IS audit is to review and provide feedback, assurances and suggestions of availability, confidentiality and integrity of IS.

IS audit is a big and long process of system examination, assessment of risk and evaluation of controls. The IS audit process is similar to System Development Life Cycle processes.

Planning

Design

Feasibility study

Implementation

and Testing

Final reporting

According to the cycle the IS audit begins with preliminary investigation of the system and goes step by step to the final results presentation.

First Step

What is the start point of the IS audit? The answer is an awareness of the present informational system and approximate definition of further audit works. The knowledge of the business, its objectives and the management culture can be given during feasibility study. The base understanding of business processes and the IS organization, their correspondence to each other required experience. Thus the investigation of IS should be done by audit specialist that rest on IS standards and guidelines, as the code of ethics. The usage of standards and guidelines results in:

- conception of the issues and current risks of the business;
- detection the hot spots to pay attention for in the next evaluation of controls;
- Identification of an approximate audit scope that will value business process by focusing on the most meaningful for management risks.

Other spade-work depends on audit engagement. There basically two types: one is deployed by an internal audit function and other is conducted by external auditors. According to the type the mandate of the auditor is defined where authority and responsibility are described. If the third party engages the audit the budget and time of the audit work should be discussed.

Collected fundamental knowledge of IS of a business being audited and determined issues of audit on preparatory stage give a base for next phase of audit process.

Planning

A lot of information gathered in the first step must be organized in the course of the planning stage. The planning phase includes the organization of audit work, identifying requirements, development of schedule and formation of an audit team. The important thing here is to comprise of how much work auditors can actually perform accordingly the budget and period of works versus of how much testing and sampling the team will need to do in order to make confident opinion to provide. The following activities of the audit planning should be performed.

Activity	Result
Assessment Process	Work Plan
Identifying Staff	Forming Audit Team
Team Meeting	Distribution of responsibilities and definition of roles in the stuff. Evolving preexpectations.
Identify type of Audit	Applicable Government audit standards
Scheduling	Time-table of a work plan

The assessment process allows setting the audit scope, risks, type of controls and requirements for works. This can be done by evaluation of assets, review of previous audit reports, meeting with a client. The materiality of small errors, control weakness should be taken into account as the risk of irregularities and frauds. As soon as all the items are defined one may start to organize a work plan.

Simultaneously the staff is formed. At this point it is important to align the skills of staff and development goals of team members with audit and technical requirements. After formation may be hold a team meeting that gives preliminary expectations of outstanding work and defines the type of audit. Reasoning from this data and taking into consideration vacations, trainings, meetings and other unplanned issues the works are timetabled. Thus consisting of the terms, responsible persons, the individual and group tasks the work plan is composed. The approval of it

by all sides finishes the planning phase and gives a rise to stage of design.

Survey as a step of Solution Design

Basing upon data of feasibility study and work plan the auditors are introduced to business IS. During the survey phase they make decision concerning their work, called audit program. The program is a detailed description of the audit work to be performed. This is a designed solution of how to reach audit objectives by identifying the process-related risks, assessment and testing controls in it.

But for compose of audit program is necessary to follow the activities.

Activity	Result
Focus the objectives	Audit scope Data resources Risk analysis Internal control assessment Audit Methodology Survey Plan
Coordinate with other auditors	Use the historic data of previous audit work
Preliminary review and analysis	Preliminary evaluation of controls Preliminary conclusions
Develop audit program	Audit Program Specific tasks

Concentrating the audit objectives firstly the areas of a potential risks and boundaries of further IS audit activities should be established. Afterwards it is important to identify data resources, risks and internal controls then test the controls in order to reliance upon them. In one's part the result of these actions produce a survey plan, a framework of audit program.

The materials of previous IS audits of coarse if trust to them exists may be used for exploring risks and for more thorough analysis.

Accordingly the survey plan and data obtained the sections for testing, evaluation and conclusions must be included in program. The audit program as a solution should set target dates of detailed audit work and preparation of final report. As a consequence the audit program is an output of design phase implementation which propose is a next step of IS audit process.

Data Collection and Analysis

Following the audit program all conclusions made in that phase should be proved; in turn the proofs have to be tested. In the data collection stage the IS audit team gathers and analyses the evidence of survey stage results. The evidence should provide sufficient, competent and reasonable basis for audit team judgments and conclusions regarding organization and audit objectives. A record of audit work, including proofs and evidences, should be documented.

The evidences may be of 4 types:

- Physical: direct inspection or observation
- Analytical: analysis or verification of data
- Testimonial: responses to inquiries
- Documentary: created information.

All of the categories of evidences found in the process of data collecting and analysis should be documented for further representation of audit work and results.

Audit documentation prepared and analyzed during this phase may include:

- Excerpts of auditee policies, procedures and documents
- Reports of meetings, inquiries and interviews

- Spreadsheets and schedules
- Computer generated information

In the time of collection and analysis of the data there should be identified causes, effects and recommendations of audit findings.

All of the gathered and analyzed information is a material for the last stage of auditing.

Reporting

The presentation of final results is the most significant moment as for audit team as for business management group. Therefore all IS audit findings and conclusions should be stayed clearly in final report.

Report writing and auditing are not separate activities. The report should cover all stages of audit process: beginning from scope and objectives of the engagements, going through description of work performed to the presentation of audit inferences, findings, and recommendations.

Also the audit team should include in the report sections of IS weakness summary, root cause analysis, realistic and cost-benefit suggestions of IS risk control. The information about what did not perform should not be included. On the contrary the report has to describe what should be done for improvement of business IS.

As a result after the data collection and analysis phase is completed the report is assembled and crafted into a cohesive and comprehensive document. That shows all weaknesses of the actual IS and gives solutions for their removal.

Conclusion

The defined phases of audit process help auditor team to organize their work and to reach the audit objectives. Following them the material is collected, analyzed, tested. The final conclusions and recommendations do not advise business head to eliminate risk. As everybody knows phrase: no risk no gain. And any business accepts the risk in order to move further. The audit final report just helps to manage risk to have a confidence of what is going on and to make a business successful. Such a way step by step the audit approaches to the understanding of what the IS of a business is, where its development is turned and what the IS should be.

References:

1. http://www.isaca.org/
2. The CISA¨ Prep Guide:Mastering the Certified Information Systems Auditor Exam,John Kramer,Wiley Publishing,Caada 2003
3. http://en.wikipedia.org

Резюме

Определенные параметры аудиторской проверки помагают аудиторской команде организовывать свою работу и достигать цели аудита. Следуя им, материал собирается, анализируется и проверятся. Заключения и рекомендации не дают совета главе компании устранять риск. Каждый знает, что нет риска – нет побед. Все компании идут на риски для дальнейшего продвижения.

Түйін

Бұл мақалада аудиторлық тексерулердің аудиторлық топқа өздерінің жұмыстарын ұйымдастыруға көмектесетіндігі және осыған байланысты құралдар жинастырылады, анализделеді және тексеріледі.

Özet

Risk olmadan kazanç olmaz. İşin ilerlemesi risk almaya bağlıdır. Muhasebe raporu risk idaresinde işin başarılı olmasına etki eder.