

# Internal control and deontology

## Chapter 7: IT auditing

# 1. Risks and opportunities

- Risks:

- (-) less oral communication and personal contacts □ errors, misunderstandings, ... could arise and exist longer
- (-) fewer formal registrations
- (-) small programming errors are repeated frequently thus resulting in large errors

- Opportunities

- (+) time savings and more efficiency
- (+) basic controls and checks can be programmed
- (+) LOG files
- (+) faster, better (more efficient) management reporting is possible (dashboards, mgt cockpits, etc)

***Attention!:***

- ✓ Don't forget: reliability of output depends on input ("*garbage in = garbage out*")
- ✓ Segregation of duties is crucial

## 2. I/C in an IT environment

### *Specific internal control aspects:*

#### Responsibilities:

- Who is responsible for the design, development, (testing), implementation and maintenance of the IT systems? □ the **IT department**
- Segregation of duties is important:
  - Implementation, testing, approval of new systems
  - Creation of user ID's and passwords
- Otherwise: same principles as in a non-automized environment
- IT department should never make changes/alter the system without permission (unilateral)

- Security:
  - Physical security: fire, floods, inappropriate access, ....
  - Technical security: use of passwords, pincodes, etc.
  - What is a good password?:
    - ✓ passwords are personal
    - ✓ Frequently changed
    - ✓ complex (special signs)
    - ✓ Kept in a safe place
    - ✓ Automatic logging of (attempted) access to personal data
  - Security is not a one time effort!
    - ✓ logging and keeping track of access attempts
    - ✓ Privacy policy
    - ✓ Only using legal software versions
    - ✓ Contingency planning– continuity – reputational damage

## 3. CAAT's

- Computer Assisted Audit Techniques:
  - Specific audit software (ACL, Idea, ...): more powerful than Excel
  - Usefull for:
    - ✓ retrieving double payments
    - ✓ Retrieving 'gaps' in data
    - ✓ Linking databases
    - ✓ sampling