

From an IS audit perspective, the IS audit could get away with the implied and applicable laws that concern mainly financial audit/reporting. What is the main importance and role the IS audit plays in a routine enterprise-wide approach?

IS auditor plays major role in enterprise-wide approach. Even though IS audit is not directly involved in law and regulations as financial reporting, it is important to note that these two are closely related. IS audit can help to maintain efficiency of IT controls over financial reporting/systems by providing accurate evaluations. Also, IS audit can help organizations to comply with law and regulations for financial reporting and IT systems like PCI DSS, Sarbanes-Oxley Act (SOX) and the Gramm-Leach-Bliley Act.

Importance of IS audit in an enterprise-wide approach.

IS audit plays important role in enterprise wide approach by identifying emerging risks and improve their risk management processes and also checking IT controls against existing standards.

IS audits can help organizations to:

- Reduce the risk of cyber-attacks and data breaches.
- Improve the efficiency and effectiveness of their information systems.
- Comply with relevant laws and regulations.
- Protect their reputation and brand.

Roles of IS audit:

The core role of IS audit in enterprise-wide risk management (ERM) is to provide objective assurance to the board on the effectiveness of risk management.

- Reviewing the management of key risks
- Evaluating the reporting of key risks in business
- Evaluating risk management processes
- Giving assurance that risks are correctly evaluated.

- Giving assurance on the risk management processes

Also, IS auditor should not be involved in certain process in an organisation.

- Setting the risk appetite: To maintain independency and authenticity of an audit, auditor must not set any risk level that an organisation is willing to absorb.
- Implementing risk management processes in the organisation. Auditor must not implement the controls in an organisation before doing an audit, this can result audit report being biased and overlook if there are any existing risks.
- Taking decisions on risk responses. Auditor must not involve in any decision taken on proposed. This will impact the future audits and decrease the authenticity of auditors work.

Ideally IS auditor should be involved in IT controls implementation while doing an audit in the same framework to avoid any biased opinions.

What are the triggers to an unclear testing of controls and evidence gathering?

There are number of triggers that can lead to unclear testing of controls and evidence gathering. Some can be internal and external.

- Auditors with less experience may be more likely to make mistakes and overlook important controls and evidence.
- If auditors are under pressure from management to complete the audit on time, they may be more likely to rush through the testing process and not take the time to properly document their findings.
- If auditors are working on multiple audits at the same time or are working on a long and complex audit, they may become fatigued, which can lead to mistakes and unclear testing and reporting.

Outdated controls: If controls are not updated to new risks, then it can lead to ineffective testing.

Lack of Cooperation: Lack of cooperation from higher management and employees for providing information can be difficult for auditor to get required information.

Scope Creep: While auditing it is easy to audit in the areas which are not in the initial scope of the audit. Retracing back to the main objective is important to avoid scope creep.

Poor communication: Auditors need to communicate effectively with different departments in an organisation to test controls and gather information regarding the audit scope.

Lack of knowledge in frameworks: Auditors need to understand the organisation business area and its framework before doing an audit.

In the described problem in the caselet, what would you suggest should happen? What would you do to ensure a clear vision and objective of such an audit?

Brief background: Major manufacturing is facing low sales due to market instability and the competition is high. This company is very strict on quality assurance. Major manufacturing operates internationally and looking to strengthen their marketing in these areas.

The problem given in the caselet is that there are key operational issues within the company. There has been whistle-blowing about close irregular transactions between key C-suite level executives. The auditor worked on ERP implementation has direct family ties with CIO, CFO and CEO. This will seriously affect the authenticity of the audit done by the auditor. Also, a bribe has been offered by the company CFO to overlook major audit findings.

Suggestions to ensure a clear vision:

- First the auditor should disclose to Touching Auditors about his involvement in implementation of Enterprise resource planning (ERP) systems.
- Clearly auditor should disclose all the loopholes that was placed to benefit CFO in audit procedures.
- Auditor should also disclose the bribe taken from CFO to ensure that existing controls are foolproof and test it according to standards once again.

- Firm should not consider the audit report published by the auditor as it has some omissions and auditor work is not authentic.
- A new audit report must be added in the scope to check the IT controls again and to assess risk.
- While a new audit report is being made, the auditor with family ties should not be involved in this scope to avoid any bias.

Citations:

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