



Opening Meeting | Internal Audit Configuration Management Audit

June 18, 2021

Agenda

- Introduction of Audit and Client Teams
- Current Events, Business Processes and Technology
- Audit Process / Phases
- Audit Process Enhancement: TeamMate
- Audit Timeline
- Management-Identified and Repeat Issues
- Issue and Report Ratings
- Reporting, Issue Tracking and Audit Committee
- Communication and Interaction

Introduction of Audit and Client Teams

Internal Audit Team Members

- Hillel Judasin, First Vice President
- George He, Assistant Treasurer

Information Technology

- Debi Gupta, Executive Vice President, CTO
- Stephen Apruzzese, VP, Server Infrastructure Manager
- Eugene Boytsov, AVP, Senior Systems Engineer

Information Security

- Max Tumarinson, Senior Vice President, CISO
- Edward Tsai, Vice President, Information Security Officer

Current Events, Business Processes and Technology

Discussions of:

- Technologies that play a role in the business process (In addition to Thycotic PAM)
- Procedure documents and controls.
- Relevant personnel

Audit Process / Phases

Planning

- Discovery - Build knowledge of organizational structure, business processes, current and emerging risks, systems
 - Walkthrough processes
 - Review Documents
 - Research technologies
- Opening Meeting
- Provide initial request list for documents
- Finalize audit objectives and scope
- Audit Scoping Memo

Fieldwork

- Additional walkthroughs, substantive tests of key controls
- Status meetings – discuss accomplishments, next steps, potential issues, roadblocks
- Prepare, review and QA work papers
- Issues are communicated as they are identified

Reporting

- Closing meeting
- Collaborate on background section, identify SMART corrective actions and realistic target dates
- Review draft report
- Discuss artifacts that will evidence completion of corrective action
- Final report

Post-Audit

- Audit Issue Tracker
- Ongoing collaboration with management team on progress of remediation
- Status of issues are reported to Audit Committee

Audit Process Enhancement: TeamMate

Internal Audit recently implemented an electronic work paper solution called TeamMate.

This new application brings efficiency and consistency to the audit process, and will facilitate the full audit lifecycle from risk assessment through reporting.

In addition, TeamMate drives certain requests and alerts including audit documentation requests.

Below is an example of a documentation request email and the email contents once opened. The request can be fulfilled directly within the email received.

Document Request - Lou, from Urmilla Jorawar

Requested by: Urmilla Jorawar
Due Date: 1/28/2021
Description:

Dear Lou,

As part of the Audit of Consumer Other Lending, please provide the following:

1. List of Unsecured Loans
2. List of SureCredit Loans
3. Policies and Procedures

This request may be forwarded to another responsible party for handling, if necessary.

Due to system limitations, please note the following:

- Only 20 files can be uploaded per request
- Each file size is limited to 100 MB
- Please check the "NO" button if you still have other documents to submit. If you have submitted all documents, you may check the "YES" button. However, this will close out and end this request. A new request will need to be created for additional documents to be submitted via this channel.

Your prompt attention to this request would be greatly appreciated.
Thank you!

Drag and Drop Files Here

[Browse](#)
Maximum Files: 20

*Are you submitting all documents requested? ☐ Yes ☐ No

Response

[Submit](#)

Audit Timeline

Milestones	Dates
Intention to Audit Notification	May 3, 2021
Planning*	June 4 , 2021
Opening Meeting	June 18, 2021
Scoping Memo (estimate)	June 28, 2021
Fieldwork (estimate)*	June 29, 2021
Closing Meeting (estimate)	July 28, 2021
Draft Report (estimate)	August 4, 2021
Final Report (estimate)	August 11, 2021
*Any vacations during Planning / Fieldwork?	

Management-Identified and Repeat Issues

Management-Identified Issues

- As noted in the Intent to Audit Notification, these issues must be logged in the issue management component of the Bank's GRC tool, prior to the audit opening meeting in order for the issue to be considered Management-identified for this audit.
- These issues should have a defined action plan, applicable target date, status and owner.

Repeat Issues

- When an issue in a prior audit report was closed and the same control breakdown is identified, the issue will be reported again and noted as a REPEAT ISSUE.
- The auditor will determine if the risk level will be increased because the original corrective action was not sustainable.

Issue and Report Ratings

Issue Ratings

- High** The probability of errors occurring is highly likely or its impact is significant. Immediate attention is necessary.
- Medium** The probability of errors occurring is likely or its impact is moderate. Prompt attention is necessary.
- Low** The probability of an error occurring is less likely or its impact is limited. Attention is necessary.

Control Environment Ratings

Satisfactory: The processes are designed with effectively operating key controls that facilitate the achievement of business objectives. Risks, if any, may be mitigated or managed and do not prevent the achievement of overall business objectives. Actions may still be required.

Improvement Required: The processes are designed with key controls that may not effectively mitigate risks. Significant control deficiencies were identified, and/or previously noted deficiencies remain open.

Unsatisfactory: The overall control framework is compromised. Key controls within the process do not exist or do not mitigate risks. Serious control deficiencies were identified, and/or previously noted deficiencies remain open.

Reporting, Issue Tracking and Audit Committee

Reporting

- Issues identified during audits are discussed with responsible officers to facilitate management's corrective actions and target dates.
- After review by responsible officers, audit reports are issued with background, scope, audit report rating, audit issues, management's corrective actions, corrective action owners and target dates.

Issue Tracking

- Audit issues are entered in the Audit Issue Tracker and distributed to corrective action owners and senior officers.
 - Auditor and corrective action owner should discuss the status of the remediation plan to determine whether it is on track or if the target date needs to be changed. The corrective action owner will need to provide the auditor with an explanation for the need to change the target date.
 - Corrective action owners need to notify Internal Audit when an audit issue is remediated and provide artifacts evidencing the implementation of the control. Internal Audit has 30 calendar days to validate the issue from the provision of artifacts.

Audit Committee

- Corrective action owners may be asked to attend the Audit Committee meeting when a report is rated Improvement Required or Unsatisfactory.
- Corrective action owners of high risk issues may be asked to attend the Audit Committee meeting when a target date is changed twice or is over due.

Communication and Interaction

- Frequent communication of ideas and concerns
- Accessibility
- Timely responses
 - Inquiries
 - Information Requests
 - Corrective Actions with target dates
- Transparency
- Professional approach
- Client liaison and contacts
- Vacation schedules
- Client upcoming deadlines
- Client feedback provided via Audit Client Survey