

Are Information Security Audit evolving with the Industry

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- Why don't we like audits?
- How much of a value add was the last audit you went through and subsequently the reported audit?
- How knowledgeable of Information Security were those that were performing the audit?

For Reflection....

“Management with oversight from Those Charged with Governance (TCWG), are responsible for preparing the **financial report** in accordance with the applicable financial reporting framework and **designing and implementing internal controls** necessary to do this.”

AUASB Bulletin The Consideration of Cyber Security Risks in an Audit of a Financial Report – May 2021

A person wearing a dark blue suit, a light blue shirt, and a red tie is pointing their right index finger towards the word "AUDIT". The word is written in large, white, sans-serif capital letters and is centered on a semi-transparent grey rectangular background. The background of the entire image is a solid light blue.

AUDIT

Internal audits	Performance audits
Compliance audits	Operational audits
External audits	Employee benefit plan audits
Financial statement audits	Single audits
Information system audits	Payroll audits
Forensic audits	

Types of Audits

A (financial) audit is an evaluation of the financial statements of a business or organisation, with the intention of forming an opinion on whether the finances are fairly presented.

What is an audit?

*American Institute of Certified
Public Accountants*

“Audits and reviews enhance the credibility of the information contained within the financial report.”



A Guide to Understanding Auditing and Assurance: Australian Listed Companies November 2019

“In recent years **audit quality** and **the value of audit** have been a focus of ongoing commentary in the public domain, and this has included public inquiries into a broad suite of issues, such as the basis and sufficiency of auditor independence, audit market competition, **audit quality** and the **scope** and **purpose** of the audit.”

A guide to Understanding Auditing and Assurance, 2019

CPA Australia

CPA Australia has a membership of 170,826 members in over 100 countries, supported by 19 offices globally.

- Audit quality is important for Shareholders and other stakeholders placing reliance on financial reports in making investing, divesting, lending or contracting decision with confidence.
- In other words “auditors serve as a watchdog for shareholders”
- It is therefore up on the Board and audit committee to satisfy themselves and therefore shareholders that the auditor provides sufficient audit quality to enable confidence in the auditor’s report

“[auditing is] the most important
branch of accountancy.”

Robert H. Montgomery, 1912

- For business risks like cyber security, there can be direct as well as indirect implications for the financial report
- General IT Controls Audit through Internal Audit on which External Audit relies
- General IT controls maintain the integrity and security of information and are relevant when considering cyber security.

Where does information security come in?

- Tick-box vs compliance
- Knowledge and experience the people doing the audit
- Insufficient systems knowledge by the auditors (lack of context)
- Understanding when something is a risk or an issue - Practical reality vs The ideal

Whats with audits?

- Audit for value and quality
- Appropriate skilling and resourcing of Auditors with a focus on Information Security
- Clearly defined scope
- Pre-audit session to understand the business and related systems (context) – not sure how this might affect independence
- Documentation (from the business)
- Practical reality vs The ideal (Principle vs rules based auditing)
- Acknowledge what went well (positive vs negative audit reporting)

What I think should happen...

Thoughts?