Managing Cost, Coverage and Capacity in IT Audit

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Professional Strategies – S33

MANAGING
COST, COVERAGE AND CAPACITY
IN IT AUDIT

abstract

Slow economic recovery continues to place pressure on IT Audit functions to produce more with less, while technology risk is increasingly a focus for business leaders.

What can IT Audit directors and managers do to address this challenge?

This session will review some common solutions as well as address some creative approaches to providing coverage and assurance while managing to new cost paradigms.

Is this session for you?

- If you are big shop, with a ton of resources
- If you have a mature, stable IT Audit function
- If you completely outsource IT Audit
- If your risk environment is predictable
- If your business will not grow... (update your resume!)

Then this session...
... may not be for you!

Just a bit about…

- The Speaker

From…   (Theatre Guy)   (IT Guy)

To…

- **eBay, Inc.**
- And why <u>this</u> topic?

Agenda

- Challenge
  - Cost (The Bottom Line)
  - Coverage (Addressing the universes)
  - Capacity (Productivity)
- Opportunity
  - Cost (Reducing cost) [While]
  - Coverage (Expanding) [While]
  - Capacity (Increasing)

Challenge

- Cost (The Bottom Line)
- Coverage (Addressing the universes)
- Capacity (Productivity)

Managing Cost

- What are your levers?
  - Travel
  - People
    - Employees
    - Partners, Consultants
  - To a lesser extent:
    - Tools
    - Facilities

Travel

- Can we squeeze any more?
  - Leveraging technology
  - Virtual Offices
  - Remote Offices
  - "Remote Audits"
- Must do Travel
  - Regulators, subsidiary boards
  - Critical Business Relationships
  - Eye balls required!
  - Global technology infrastructure and operations

People

- Employees:
  - Low Cost Markets (Fable?)
  - Retention
  - Recruitment
  - Development
- Partners, Consultants
  - Leverage for Purpose
  - Bundle
  - Knowledge Transfer
  - Co-sourcing/Outsourcing

To a lesser extent:

- Tools
  - Orphaned Licenses
  - Subscriptions
- Facilities

Providing Coverage

- The Audit Plan (area of focus)
  - Audit Universe
  - Risk Universe
- Investigations
  - Unplanned activities
- External Auditors
  - Leverage and rationalize

The Audit Plan: Coverage

- Coverage (The What you cover…)
  - Audit Universe
    - Functions & Processes
    - Organizations (entities)
    - Technologies
    - Regions, Geographies
  - Risk Universe
    - Domains, Types, Categories
    - The Inventory of risks
    - ERM

The Audit Plan: Coverage

- Coverage (The How you cover…)
  - Assurance Audits
  - Monitoring
    - KRI, KPIs
    - Management engagement
    - Leverage other reviews, audits, inspections
  - Data Analysis
    - Starting with the data!
  - AND….Control Reviews

Control Reviews

- Not assurance
- Purpose:
  - To understand function, process or technology
  - To document key controls in place
  - To establish an informed view of the risk
  - To identify obvious gaps in the control environment

Control Reviews - Benefits

- Requires significantly fewer IT Audit resources

- Reduced impact on the business

- Great "introduction" to Internal Audit

- Provides a head start for future audits

- Provides the business with documentation that they might not have!

- Accelerates and expands coverage of the audit universe

Control Review – The Activity

- Think Planning Phase
  - Discovery
  - Short, focused walkthroughs
- Gap Analysis
- Deliverables
  - Diagrams and narratives of process/technology
  - An Audit Memo

Control Review - Challenges

- Scope
  - Enterprise Reviews
  - Stability of function/process
- Can of Worms
  - From Control Review to Assurance Audit
  - Investigations (?)
- But what about assurance?

Increasing Capacity

- People
  - Improve efficiency and effectiveness
- Process
  - Improve efficiency and effectiveness
- Technology
  - Improve efficiency, effectiveness and scale

People

- Development
  - Personal Work habits
- Audit Skills
  - Writing
  - Critical Thinking
  - Presentation
- Performance Management

Improve efficiency and effectiveness

Process

- How is your process?
  - Continuous Improvement
  - Metrics and Dashboards
- How do you measure success?
  - Internal Measures
  - Key Stakeholders
  - Audit Committee

Improve efficiency and effectiveness

Technology

- Are you leveraging technology?
  - Tools for the auditor productivity
  - Tools for managing the audit process
  - Tools for data analysis
- Getting Out in Front
  - Designing in the ability to audit
- Continuous Auditing

Improve efficiency, effectiveness and scale

Recap

- **Challenge**
  - Doing more with less..
- **Opportunity**
  - Cost (Reducing cost)
    - Perhaps limited
  - Coverage (Expanding)
    - Alternative approaches
  - Capacity (Increasing)
    - Returning to basics and measuring for success

THANK YOU...