

# **Federal Board of Supreme Audit**

**Office of Technical Affairs and Studies**

**IT Audit and Control Department**

**IT Performance Audit**

**A country paper for  
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## **1. Background**

The Board is a financially and administratively independent body with a judicial personality. It is the highest financial controlling body, which is attached to the COR and represented by president of the Board or whom he may authorize. FBSA undertakes control over public entities and public money wherever exist . Its duty is to carry out Audit and control over accounts and activities of the entities under the Board jurisdiction and verify sound disbursement of public funds and efficient implementation of laws, regulations and provisions ,control of performance evaluation of entities subject to the Board's control in addition to evaluating overall financial and economic plans and policies which are established to fulfill and comply with the states' objectives.

## **2. IT Audit**

IT is currently considered as an effective element in the international community through its wide effects and radical changes it has made since the late twentieth century up to now .It is being so widely and quickly applied that it covers all aspects of life in general and the organization in particular .This is because of its vast capabilities .The way the IT is utilized and managed has a great effect on the organization work results .Special attention should be paid to IT application effectiveness , simplicity and prompt transferring in addition to the ongoing improvement of levels of the services rendered to it. However, this requires carrying out these matters with minimum cost. To reach that end, a set of procedures and processes need to be performed ,ideal work structures that contribute to integrate IT into the organization activities need to be developed , compliance with regulations need to be improved and risks faced by IT need to be mitigated.

Accordingly, the need to develop a methodology and bases for IT audit in an E environment is urgent. The audit and control basic concepts and its implementation steps within a manual system is the same as in the E system save the way the audit and control is carried out and evaluated, the internal control is examined and evaluated in an E system and other electronic tools .Thus, thinking seriously of utilizing IT in audit has become essential.

Computer Assisted Auditing techniques CAATs are tools that enable the auditor to track audit trail. They are sometimes called Computer aided audit tools .CAATs provide the auditor with effective internal control tests , improve effectiveness and efficiency of audit procedures to obtain and evaluate evidence and enable the auditor to select samples from a huge number of transactions ,conduct analytical examination and carry out material tests. CAATs is fundamental in electronic accounting information system audit. They can be defined as tools used by auditors to gather and analyze data of audit and control works to improve efficiency and effectiveness of the audit .They include audit procedures in case E system is used .

CAATs enable the auditor to carry out lots of activities ,he/she used to perform manually ,in a fast and efficient way that saves audit time ,cost and effort. CAATs have been proved to be efficient in verifying the soundness and integration of audit files , soundness of program performance, data analysis and conformity of transaction with records and economic events. They include:

- a. Sample identification
- b. Gap identification
- c. Verification of duplications
- d. Reconciliation
- e. Examination of large amount of data very quickly
- f. Provision of accurate results
- g. Flexibility–terms of a test can be easily changed
- h. Documents are automatically created
- i. Profound understanding of the system
- j. Reduction of monotony at work

### **3. Performance evaluation**

Performance in general is an essential concept on which the existence of an organization depends .It reflects the ability of the organization to attain its objectives through effective and efficient use of its resources. Managements in organizations aim at achieving their set objectives by using their resources efficiently and effectively. Top managements expect from utilized IT to contribute to the success of the organization in efficient use of its resources. To have this achieved, the management should be creative and innovative in improving IT performance via reducing costs ,

rendering high quality service, optimally using resources, mitigating and avoiding risks and regaining the ability to perform its tasks as fast as possible.

Poor management constitutes a permanent problem for some organizations or it might be linked to certain events such as demand decline or stagnation .Six reasons lie behind poor management :

- a. Weak management
- b. High cost structure
- c. Poor quality and development
- d. Organizational inactivity
- e. Demand change and emergence of new competitors

IT performance measurement is considered as one of the success factors for the organization. It acts similarly as ongoing feedback that provides management with necessary data to identify the extent to which set objectives are achieved and standards are met. By means of this measurement, managers can evaluate the IT performance and compare it with that of the competitor. Managers responsibilities require identifying the significant measurements to measure the success factors of the organization. A lot of attention is paid by mangers to IT performance audit and measurement because it contributes to improvement of its management , increase of its ability to provide added value and has an effect on the organization reputation.

#### **4. FBSA experience in IT audit**

Since the nineties of last century, FBSA has coped with developments in IT audit through engaging its staff in training courses on computer and audit assisting techniques .In 2007, a specialized IT audit team was established to check automated systems of auditees in addition to performing special tasks if needed and support audit teams in case they requested .This is done by relying upon:

- a. Relatively modern computers
- b. Analysis program with the help of CAATs (e.g. IDEA, ACCESS and EXCEL)
- c. Work plan,check list and examination steps
- d. Competent auditors experienced in software applications

After the enactment of FBSA's law no.(31)(2011),the department of IT audit and control was established to audit electronic systems and data base of computerized audities ,evaluate IT performance to verify the adequacy and efficiency of the systems ,identify their weaknesses if any ,suggest the appropriate ways to tackle them and aim at applying international and auditing standards in E-environment. The department works according to annual plans in which selected audities are identified to be tested after discussing the matter with the Board offices responsible for auditing those auditees.IT audit is performed in the following order:

a. Planning phase

A plan is prepared for the task , the auditee is studied, information and regulations related to the It system in use are reviewed to identify the nature and time required to carry out the task and the competent employees are chosen.

b. Implementation phase

Field visits are made to the auditee to evaluate the IT internal control system via a check list derived from applicable international standard to identify weaknesses and strengths in the E-internal system context and control procedures related to IT systems so as to identify computer system work procedures amount , document detected infringements and gather evidence.

c. Report writing phase

After completing computer systems and its context examination and audit, the writing of a draft report on the utilized IT performance and work and adequacy of the support tools required to perform the work efficiently starts. Also , evaluating recommendations , tackling deviations and means of treating potential risks. The draft report is then discussed with the auditee .Then a minute of the discussion is written and approved by the audit team member and those responsible for operating the IT. Finally the report is issued.

d. Follow-up phase

After the issuance of the report, sending it to the auditee and deciding the required period for the response , the follow up process starts to verify how serious the auditee is in making the required modifications as recommended.