SIRC of ICAI
CPE Seminar on Internal Audit

Beyond Compliance: Strengthening Governance through Information Systems Audit

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26th SEPTEMBER …..1905… ??

Information Systems Audit - Purpose and Purview

❖ Purpose of Information Systems Audit (IS Audit)

For Achieving Organizational Objectives

Assuring the reliability of Information processed from Systems



❖IS Audit - sought by **Management,** on any following combination





- As part of Internal Audit, basis board plan
- as part of Compliance to regulations pronounced by RBI/IRDAI/SEBI/CCA or Laws such as HIPAA, GDPR etc.,
- **for incident analysis or**
- as part of Vendor on-boarding / renewal, RBI, IRDAI requirements, SSAE 16 – SOC reports
- for obtaining certifications like ISO27001, PCIDSS etc.,

Governance centric IS Audits

❖ Cost based IS audit



1. Project Development

- Code ownership/residency/escrow – payouts to vendors
- Parallel development of similar applications - redundant cost
- Fixed Price contracts with ambiguous milestones – compulsory cost
- T& M contracts with poorly skilled workforce / multiple vendors for same support
- Gaps in requisition and product delivery resulting in unwarranted CRs
- Absence of ROI track on CRs









Governance centric IS Audits

❖ Cost based IS audit



2. IT Infrastructure

- Cloud Cost optimisation - Usage - Plan – Billing
- Expansive Cloud Storage… Expanding costs !!
- Excessive Cloud Access can have cost repercussions – poor coding /querying/unauthorised instance/storage creation
- Cloud repatriation – Cost Benefit
- Deployment of licenses – POC issues percolating into delayed deployment
- License over run / IPR breaches



3. IT Security

- Prolonged evaluation of security solutions or annulment post POC- sunk cost
- Mis-configured / under utilised security solutions - ROI gaps

Governance centric IS Audits

❖ Reputation based IS audit



1. Social Media Audit

- Vendor involvement in access handles and associated risks
- MFA dependency impacting continuity
- Approved Vs posted content
- CXO accounts and whaling risks



2. Website Audit

- Content management software for trail of approval before posting





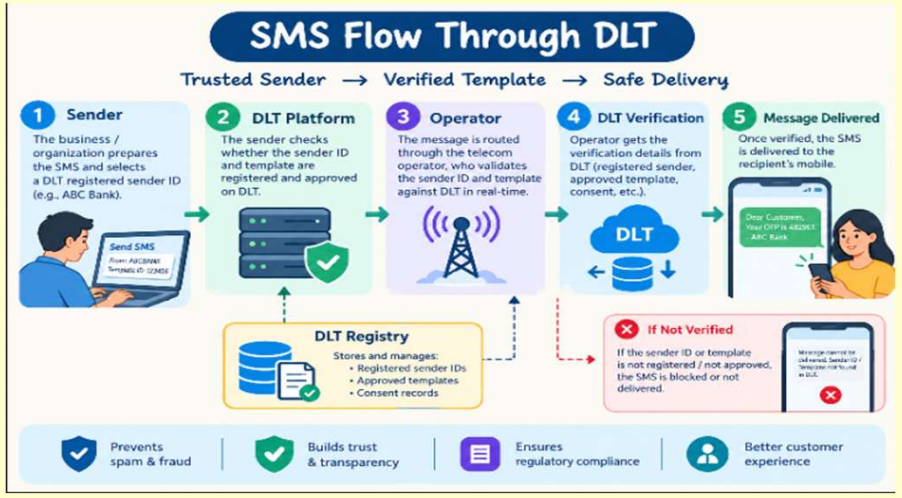
Governance centric IS Audits

❖ Reputation based IS audit

3. Call Centers and SMS vendors / DLT

- Call landing application call count vs call disposal application count – Customer service reporting to regulator
- Call recording storage / encryption/ retention/ retrieval check
- Seat capacity optimisation – erlang calculator
- SMS – submission based billing – failure reasons
- SMS Count billed Vs Source count check
- SMS and Call Center BCP / DR drill – never absolute

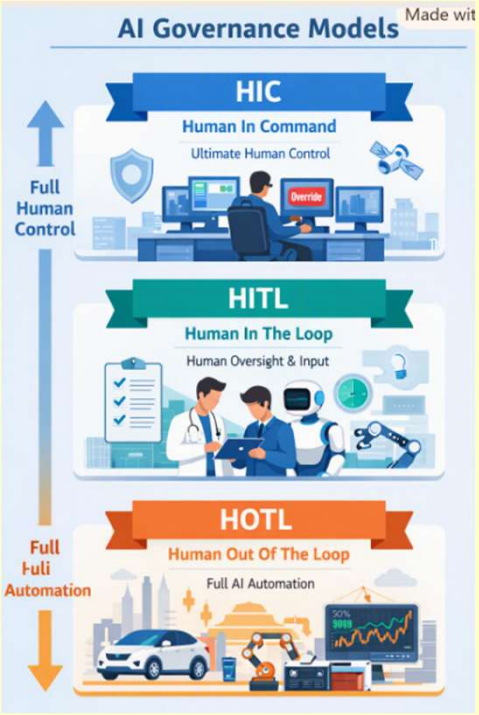




Governance centric IS Audits

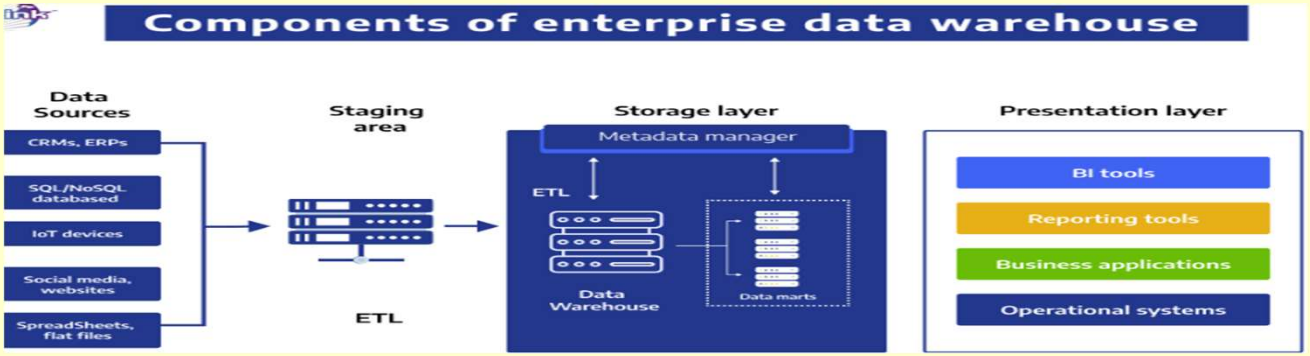
❖ AI based IS audit

- AI an ‘USP’ indeed – Shadow AI Vs AI Washing – Contractual implications
- Audit procedures to be tailored to HIC/ HITL/HOTL
- Model training and Data Security



❖ IS audit – Dashboards / Data Warehouses – SSOT?

- ETL / ELT ? Audit Field for Change Data Capture
- Cost incurred Vs Data accuracy and timeliness along Regulatory and Management Dashboards
- Sources integrated and scalability – SSOT?





Governance centric IS Audits

❖ Vendor based IS audit

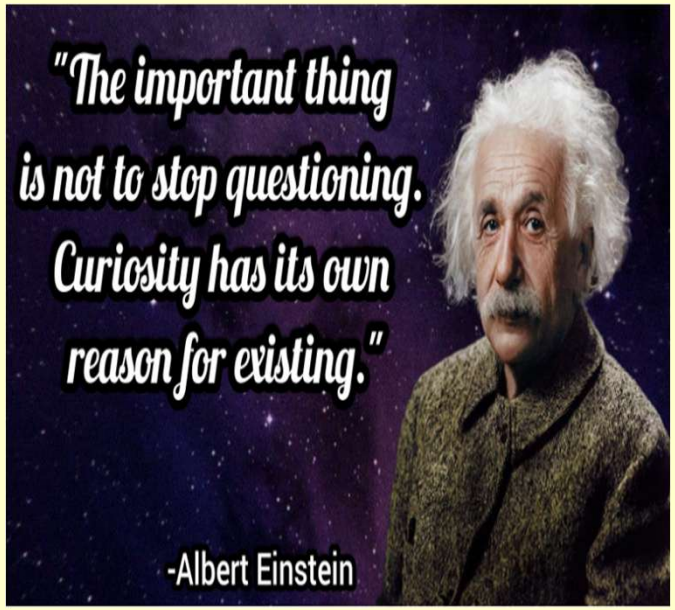
- **Data Privacy** - 3rd Party, 4th Party…. nth party data exposure – consent / security – contractual obligations
- **Data Privacy** - Orphaned personal data on Entity's vendor shared paths – SFTP/ SharePoint - Despite data erasure certificates from vendor
- Shadow Sub-contractors impacting Business Continuity



Governance centric IS Audits

❖ Einstein is Back !!! - Points to Ponder

- How serious and practical is a Vendor Off-Boarding Audit ?
- Do we know how much of data is still left with the vendor and are they fully deleted?
- What about data shared to 4th … nth parties – how are they factored during primary vendor off-boarding?
- Contracts do come to our rescue – but with DPDP in the offing how safe are we?
- Now ask all of these questions if the vendor solutions were AI- POWERED!!!





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