Integrated Audit Methodology

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Audits that focus simultaneously on an organisation’s financial, operational and IT control processes is the most effective way to conduct an audit.

Have many audit professionals and audit organizations adopt an integrated audit approach?
What is often called *integrated* audits are actually *joint* or *parallel* audits. That is, they are not one thoroughly integrated audit, but **two** separate reviews.

The two audit teams and scope are presented *discretely* different in the notification letter.

The two teams produce their own discrete findings and then simply *merge* the two into one report.
Integrated audits promote the philosophy of risk-based auditing. If indeed, most businesses heavily rely on IT, it is impossible to claim to have undertaken an audit without mention of the effectiveness and adequacy of IT controls.

IT is not acquired by organizations for the sake. It is purchased to run business efficiently. For example, Enterprise Resource Planning (ERP) like SAP, Oracle etc.
There is a misunderstanding among many internal auditors that any technology issue is the exclusive domain of the IT auditors.

For these auditors, IT is the "white elephant in the room." There is a growing knowledge gap between internal auditors' knowledge of a process under review and their limited understanding of the systems that support that process.
General IT controls such as logical access are analogous to the physical security of a building. General IT controls dictate who can access, what systems or "floors" they can access, and what they can do there.

Controls over the general operating environment can sometimes supersede general application controls depending on the configuration of the IT environment.
Application controls are more specific in that they only address the application under review. In the building analogy, application controls govern activities in a particular room, including who can access and what they can do in the room.

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Application controls dictate how the application processes information and passes it to subsequent applications. When an auditor finds a control issue with an application, there has to be a direct link to a business risk.
Internal auditors should understand how processes are **automated** and generally how applications facilitate the movement of information in their relationships with interfacing applications. This knowledge can enable auditors to detect programming errors, even without IT assistance.

It is critical that all auditors understand IT interface controls for moving data between systems and know the right high-level questions to ask to provide reasonable assurance that automated and manual process controls are effective.
Integrated audits save time and money, while at the same time minimize audit risk.

Integrated audits should become the rule rather than exception, and audit departments that fail to embrace this phenomenon would become less valuable to their organizations. Raising findings and issuing reports to management is not enough. Moving from GOOD to GREAT requires internal auditors to be change agents, and integrated auditing is a perfect opportunity.