Internal Control - User's Concept

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Auditor's perspective

- IC analysed as a main or auxiliary subject of audit
- Guidance (by COSO, IFAC or OECD) applicable on general features of the IC system
- Internal controls are simple or complex, effective or not, but for sure ubiquitous
- No SAI level taxonomy nor standardised approach available

SAI Level IC

- Internal in scale of:
  - Agency
  - Ministry
  - Sector (Ministry + Agencies + other entities)
  - Government
  - Municipalities
  - Regions
  - Cross-sector Programmes

We need

Internal Control **ONTOLOGY**

Ontology

Philosophical study of being (Metaphysics)
[Aristotle]

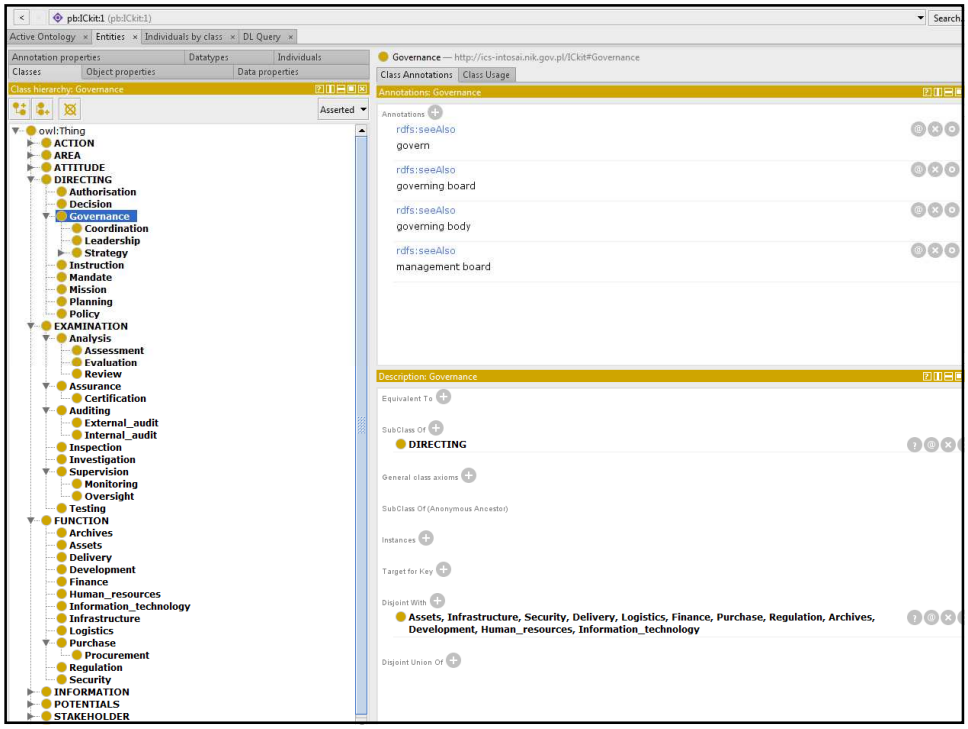
In information science:

- an ontology defines a **common vocabulary**
- for those who need to share information in a domain
- it includes **machine-interpretable definitions** of basic concepts in the domain and
- relations among them

[Noy, McGuiness]

Why Ontology

- Every field creates ontologies to:
  - **limit complexity** and **organize information** into data and knowledge
  - as new ontologies are made, their use hopefully improves **problem solving** within that domain
  - translating research papers within every field is a problem made easier when experts from different countries maintain a **controlled vocabulary of jargon** between each of languages.



IC Usage Framework

- Based on IC Ontology
  - Taxonomies
  - Referable hierarchies
- Overview and update procedure
- Tools
- Guidance

Usage oriented

- Using experience of and providing support to:
  - EUROSAI Control space of E-Government (CUBE)
  - Active IT Audit Manual
- Looking for collaboration with more tools, like GIZ PFM model
- Data architecture open for future tools, including: automatic review of auditee's IC

Why the EUROSAI ITWG CUBE

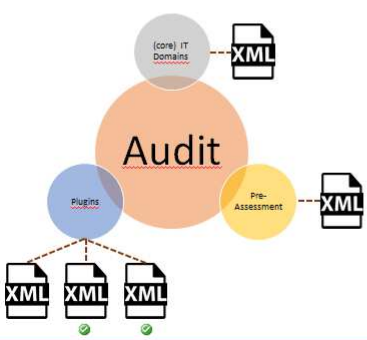
- Cases of the real life audit reports
- Learning more about relations between
  - Internal controls
  - Audited problems
- Providing IC Ontology – logic of search engine
- Addressing the use-cases to support the CUBE development

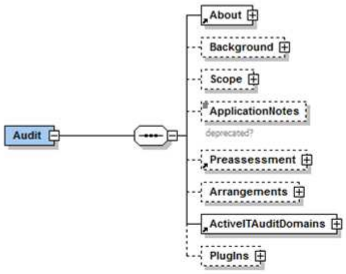
INTOSAI WGITA EUROSAI IT Working Group

Active IT Audit Handbook

Separation between information and presentation, object oriented

Data modelling of the audit





01 IT Governance

01 Business Needs Identification, Direction and Monitoring

02 Leadership

sync with (XML) audit document..

Objectives:

How does the leadership direct and monitor the performance of business and IT objectives on a periodic basis?

Criteria:

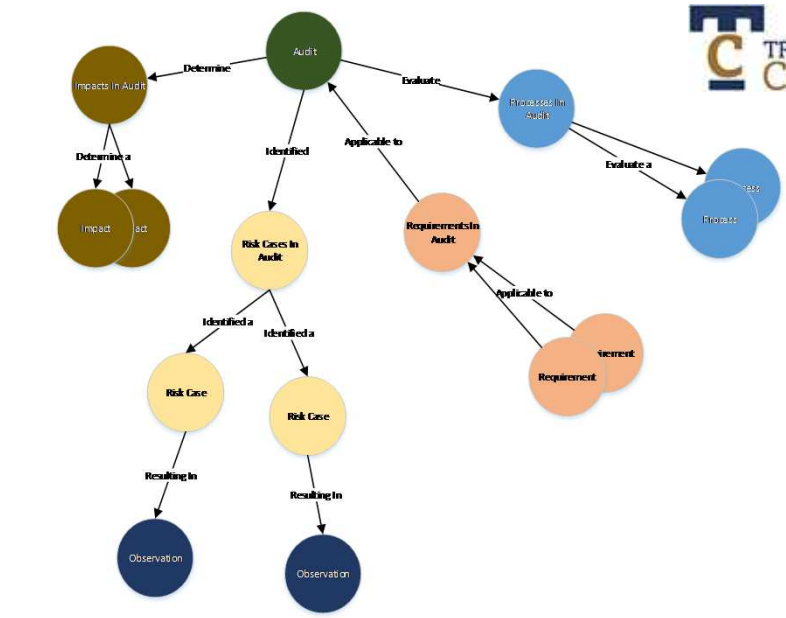
Performance measures are established and the steering or equivalent high level committee conducts periodic reviews and meetings and takes appropriate action, or there is a reporting system to management that informs them of the status of key performance measures.

Information required:

Performance measures for business and IT
Periodic reports about project status
Minutes from periodic reviews
List of action items and their status

Analytics:

Review sample management decision or memos to ensure that they are clear, well substantiated,



Data modelling needs a semantic model

IC Collections

- Environment
  - Gov Activity Domains (Areas)
  - Stakeholders
- Organization
  - Teams
  - Functions
  - Potentials
  - Attitudes
- Processes
  - Information
  - Directing
  - Acting
  - Examination

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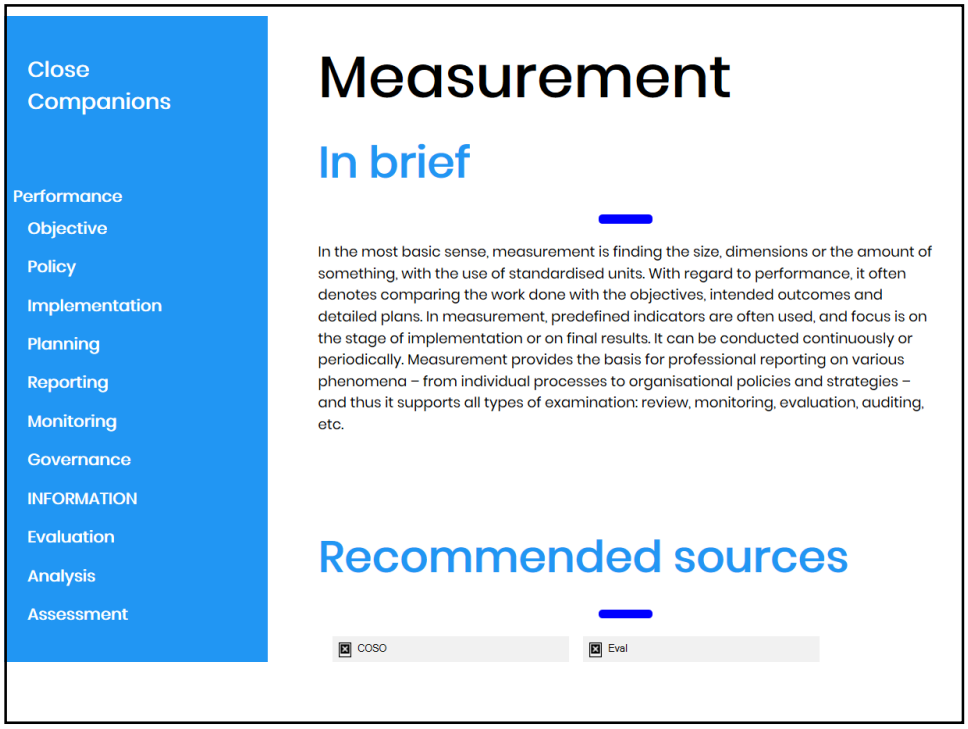
Minimalistic approach

- User minded ICs explanations
- Brief is better
- Accompanying terms
- Top issues to review
- Typical sources of information
- Practitioner notes
- Useful quotations (COSO, IFAC, CIPFA, SIGMA, audit reports)



The Future GUID (2.5 project)

- Need of advice concerning the internal control:
  - Based on SAIs' experience
  - Benefiting from achievements of other organisations like: COSO, IFAC, CIPFA, SIGMA-OECD, IIA
  - Guarding values of INTOSAI GOVs
  - Practical and useful

Development perspective

- Drafting 'IC matrices'
- Content review
- Usage
  - Support to risk analysis and audit planning
  - Enriching content of the matrices
  - Developing mechanism of problem modelling
- The usage based guidance