



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, McGuinness]

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.



WIKIPEDIA
The Free Encyclopedia

The screenshot displays the Protégé ontology editor interface. On the left, a class hierarchy tree is visible, with 'Governance' selected under the 'DIRECTING' class. The main workspace shows the 'Annotations: Governance' tab, which lists several annotations: 'rdfs:seeAlso' pointing to 'govern', 'governing board', 'governing body', and 'management board'. Below this, the 'Description: Governance' tab is active, showing 'Equivalent To' (none), 'Sub-Class Of' (DIRECTING), 'General class axioms' (none), 'SubClass Of (Anonymous Ancestor)' (none), 'Instances' (none), 'Target for Key' (none), 'Disjoint With' (Assets, Infrastructure, Security, Delivery, Logistics, Finance, Purchase, Regulation, Archives, Development, Human_resources, Information_technology), and 'Disjoint Union Of' (none).

IC Usage Framework



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



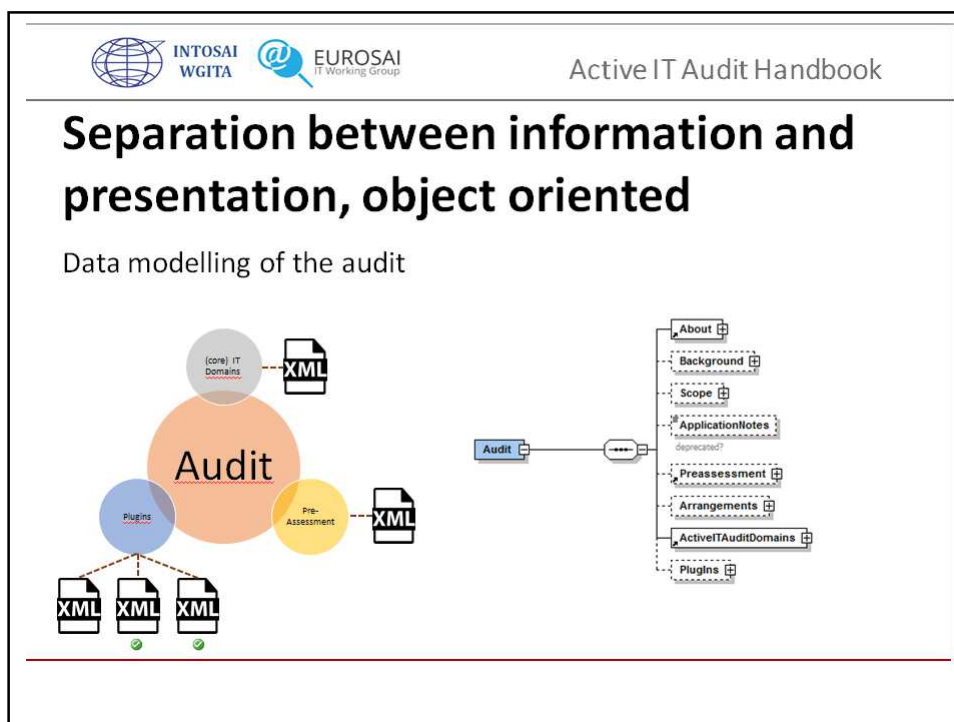
Usage oriented

- 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



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:

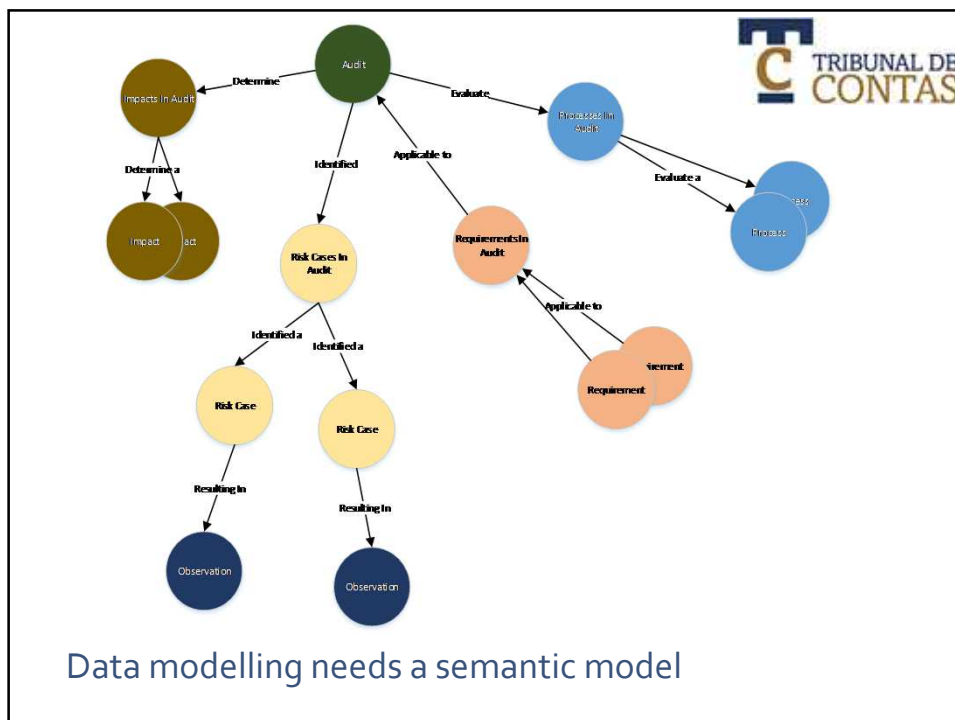
Performance measures are established and the steering or equivalent high level committee conducts periodic reviews and meetings and takes appropriate action, or there is a reporting system to management that informs them of the status of key performance measures.

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:

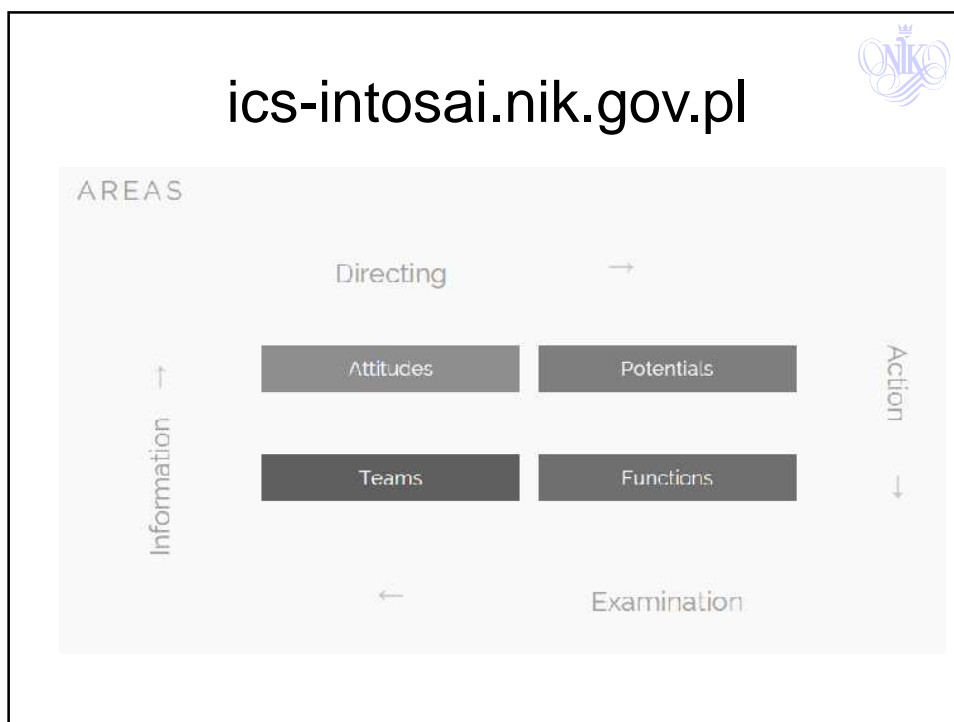
Review sample management decision or memos to ensure that they are clear, well substantiated,




IC Collections

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

The 'Processes' list includes a feedback loop: an arrow points from 'Examination' back to 'Information'.





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)

Close
Companions

Performance

Objective

Policy

Implementation

Planning

Reporting

Monitoring

Governance

INFORMATION

Evaluation

Analysis

Assessment

Measurement

In brief


In the most basic sense, measurement is finding the size, dimensions or the amount of something, with the use of standardised units. With regard to performance, it often denotes comparing the work done with the objectives, intended outcomes and detailed plans. In measurement, predefined indicators are often used, and focus is on the stage of implementation or on final results. It can be conducted continuously or periodically. Measurement provides the basis for professional reporting on various phenomena – from individual processes to organisational policies and strategies – and thus it supports all types of examination: review, monitoring, evaluation, auditing, etc.

Recommended sources

COSO

Eval

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