

245/c

MINUTES OF THE 4TH MEETING OF THE INTOSAI STANDING
COMMITTEE ON EDP AUDIT
STOCKHOLM, MARCH 16-17, 1995

1. The 4th Meeting of the INTOSAI Standing Committee on EDP Audit was held at Stockholm on March 16-17, 1995. The meeting was presided over by Mr C.G. Somiah, Comptroller & Auditor General of India and Chairman of the Committee. The following Heads of member SAIs or their representatives attended the meeting:

Country	Name
Austria	Mr. Reinhard Rath
Barbados	Mr. E.D. Griffith
Canada	Mr. Larry Meyers Mr. John Adshead
France	Mr. J. F. Bernicot Mr. H. Barbaret
India	Mr. C. G. Somiah Mr. K. P. Lakshmana Rao Mr. R. Chandramouli
Japan	Mr. Noriaki Katsuno Mr. Toshiyuki Saito Mr. Toshiro Omachi
Kiribati	Mr. T. Maen Mr. R. Bladon
Kuwait	Mr. Isam Abdul Aziz Al-Khaled Mr. Ebrahim Al-Khuzam
Sweden	Mr. Kjell Larsson Mr. Peter Nilsson
U.K.	Mr. Martin Pflieger
Zimbabwe	Mr. A.E. Harid Mrs. Josephine Mukomba

A. CHAIRMAN'S REPORT

2. The Chairman welcomed the members and summarized the progress and output of the Committee. The presentation made to the Governing Board of the INTOSAI (Sept 1994) on the Committee's products and the problems faced on the translation issues were also explained. The manner of circulation of the Committee products and the views obtained from the Regional groups on receiving the Committee products were indicated. The "intoIT" and the EDP Directory, which are not Committee products requiring INCOSAI approval, were circulated in English to ARABOSAI, ASOSAI, CAROSAI, OLACEFS and SPASAI. Copies in English were sent to the Secretary General of EUROSAI and Chairman of AFROSAI for distribution as appropriate. Other products were being translated in all INTOSAI languages for being circulated as exposure drafts for consideration at the XV INCOSAI.

244/C

3. On the Committee membership, in order to ensure active participation from the OLACEFS group, the Chairman indicated that SAI-Colombia was approached to join this Committee. They had expressed their interest and they would be joining the deliberations of the Committee at the next meeting.

4. The Chairman also explained that one of the main objectives of this meeting was to draw up and approve a three-year perspective plan for the Committee, which was one of the requirements for presentation at the XV INCOSAI at Cairo in September 1995. The work plan and the presentation format of this Committee report relating to Sub-Theme on EDP Audit during XV INCOSAI, was also an important issue for the Committee to deliberate and approve now.

B. FOLLOW-UP ON PROJECTS ALREADY IN PROGRESS/IDENTIFIED

Guide on Audit of EDI & EAA

5. The Committee decided that the paper prepared by Canada on "EDI and the Paperless Society" would be amplified with the addition of a Glossary of Terms and converted into a Research Paper that would be circulated to all SAIs inviting their comments to facilitate further detailed study. It was agreed that it would be premature to bring out a Guide on Audit of EDI & EAA. It was also decided that

- the research paper would be captioned "EDI and the Paperless Audit", as it deals with EDI in a broad sense and focusses attention on the impact of a paperless environment on the auditor;
- Canada would prepare an article on this subject for the 3rd issue of "intoIT" to give wider publicity to the research study;
- the second issue of "intoIT" would carry a small news item about this research study and solicit readers to send their views or write about their experiences, if any, to Canada;
- the Research Paper would be circulated by Canada in English, Spanish, French and Arabic; Kuwait and France agreed to do the translation to Arabic and French respectively while Canada agreed to get the translation to Spanish done;
- France would continue research regarding the legal implications of EDI, including getting responses from the attendees at the Stockholm seminar - to assist France, the Committee members would send their replies within a month, to the questions raised by France. The further course of action in this matter will be decided later depending on the outcome of the research;

Utility of CD-ROM for dissemination of information

6. Based on the paper submitted by UK and Canada, the Committee decided that the preparation of an IT-specific CD-ROM was not economically viable at present. To facilitate dissemination of IT-related information, the following were decided:

- Canada agreed to add IT-related materials to their CD-ROM in English and French;
- UK agreed to add IT-related materials to their CD-ROM in English;

- France informed the Committee that they were also considering the production of a CD-ROM and could include IT-related materials in French;
- to publicise the availability of such literature, it was agreed that "intoIT" should carry information about the CD-ROMs available; Canada, UK and France would consider a joint article also if necessary.

7. Austria briefed the Committee about the communications project being tested by the INTOSAI secretariat to facilitate easier and cheaper communication among INTOSAI members. The potential of Internet as a powerful and cost-effective alternative or supplement to other traditional forms of communication and dissemination of information was discussed. Members agreed to provide feedback to the INTOSAI Secretariat (Mr.Reinhard Rath) and to the Committee Secretariat (SAI-India) about the availability and the economics of Internet in their respective countries; the Committee decided to discuss this project later. Austria also agreed to supply the Internet addresses of SAIs for publication in the 2nd issue of "intoIT".

Funding Guide

8. Canada supplied the revised version of the "Funding" Paper and stressed their view that an IT-specific orientation of the Paper would, in their opinion, be counter-productive. The Chairman informed the Committee about the request from IDI to circulate the paper as an IDI document (because of the arguments in it for strengthening the SAI *per se* and not just the use of IT within the SAI) and use it during their negotiations with aid agencies. After discussion, the Committee decided that the Chairman would inform the Chairman of INTOSAI that the Paper prepared by this Committee is being carried forward by IDI. It was also clarified that, being a Committee Paper, members were free to use the Paper as they deemed fit, notwithstanding its publication by IDI.

9. The Committee also decided that an article in "intoIT" based on this paper may be appropriate at a later date.

Seminar on "Future Risks and Opportunities in the field of IT Performance Auditing"

10. The Committee noted that all seminar participants had been requested to forward their comments to the paper-contributors by 29 March 1995 so that the latter could finalize and forward their (revised) papers to Sweden by 21 April 1995. After discussion, the Committee decided that the revised papers would be compiled by Sweden as a booklet, adding the discussions during the seminar suitably. As this booklet is not intended to be a "guidance" document, the Committee decided that it need not be translated and could be mailed by Sweden by July 1995 to all INTOSAI members, on the same pattern as the EDP Directory and "intoIT". Sweden also agreed to write an article about the seminar deliberations for the 3rd issue of "intoIT".

Reference List of Material on Performance Auditing:

11. Though the draft product and its utility were greatly appreciated, several reservations were expressed concerning the scope of the project, selection of materials and preparation of abstracts. After considerable discussion, the Committee concluded that a document of this nature would be very useful to SAIs entering the field of IT Performance Auditing and decided, therefore, that

242/c

- the Reference List would be developed further as a product to give an overall view to INTOSAI members about IT Performance Auditing as seen from available literature without however being seen as endorsing any positions taken in the document;
- it would be only a selective, and not an exhaustive, reference list, i.e. only interesting materials considered to be of significance for the purpose served by the document would be reflected in it, without passing any value judgements on materials not included and this fact would be prominently mentioned;
- Sweden would seek the assistance of Committee members, if necessary, in ensuring greater clarity about the technical terms used in the document;
- the Reference List would be focussed on IT Performance Auditing, notwithstanding some references to financial attest audit and, therefore, the introduction to the document would suitably clarify that this is unavoidable at times due to the difficulties in defining the distinction between the two;
- the draft would be circulated in 1995 for comments to those SAIs with some experience of IT Performance Auditing, according to the results of the EDP Survey conducted last year;
- in view of the additional work to be done, the schedule for the completion of the product would be revised to October 1996 when an English version would be sent to all INTOSAI members.

IT Journal:

12. The draft 2nd Issue of "intoIT" was circulated. It was agreed that the following would be added: (a) details of CD-ROMs available from SAIs, (b) Internet addresses of SAIs, (c) news item about the EDI Research Study, and (d) list of articles in the previous issue. The Committee noted with satisfaction the response to the Journal from some non-Committee members and decided that the first two issues of the Journal should be brought to the specific notice of the XV INCOSAI in Cairo in September 1995 to stress the importance of this vehicle of the Committee. UK mentioned that the 2nd issue would be ready by the end of June 1995.

13. The contents of the 3rd issue, to be produced by the end of 1995, were also discussed. Besides a country focus article by Japan, the issue would feature articles on (a) the IT Audit Symposium (Sweden), (b) EDI (Canada), (c) Planning and Monitoring Audits and Resources (UK), and news from around the world. Deadline for contributions was set as 31 July 1995.

14. In furtherance of its goal of disseminating information, the Committee decided that the Journal should carry an explicit permission to INTOSAI members to reproduce its contents wholly or partly as a separate document or in their internal publications.

15. The Committee members complimented UK on the quality of the first issue.

C. NEW PROJECT PROPOSALS

Working Group-I:

16. The Group circulated a paper on Potential Projects covering (i) Coaching, (ii) Training, (iii) Distribution of Audit Information, and (iv) Research of New Opportunities and Risks. Without prejudice to the other shortlisted projects, the Committee decided, on grounds of practicability and in the light of available resources, to prioritise projects in the last category. After discussion, the Committee agreed that where the work done or experience to date does not warrant a "Guide", a logical progression would be: Article in "intoIT" → Lead Paper for comments → Research Study → Guide. It was also agreed that the production of guides should not overshadow the Committee's goal of disseminating information quickly. Against this background, it was agreed that

- Canada would produce an article on "Auditing in a client-server environment" for the 3rd issue of "intoIT" and this would be reflected in the 3-year plan of the Committee as an exploratory project;
- a Guide on "Audit of IT Systems under development" is highly relevant and timely and can be produced by November 1998, in time for approval by the XVI INCOSAI in Uruguay; for the present, the 3-year plan of the Committee could reflect the plans for this product as (i) Research in 1996, (ii) circulation of an exposure draft by early 1998, and (iii) final product for approval by XVI INCOSAI in 1998. Working Group-I would work on this project, using Canada's paper as a starting point and collecting further material to understand and evaluate the positions of some other SAIs.

Working Group-II:

The Group agreed to undertake the following projects:

Seminar on the Performance Audit of the use of EDP:

17. Sweden agreed to host the second seminar on the above theme in May 1998. The seminar would deal with the state of the art of performance audit of the use of EDP/IT and cover the three areas of operation of the working group. A more specific identification of themes would be undertaken later; UK suggested that the training materials for Level 1 and 2 training on Performance Auditing could be presented and discussed during the seminar. The following tentative schedule for the seminar-related activities was also agreed upon:

- Invitation for papers by March 1996
- Decision about papers by December 1996
- Final Papers by September 1997.

18. It was also agreed that Sweden would try to follow the pattern adopted by the Commonwealth for such seminars viz. preparation of lead papers for each sub-theme and also allow greater time for discussion. The Committee also decided that the seminar outputs would be produced on similar lines as for the recently concluded seminar.

Research Paper on Performance Audit Methods:

19. The Group agreed to prepare a research paper on performance audit methods to be used for analysing the effects and effectiveness of the use of new technologies by auditees. These technologies may be EDI and automated (administrative) decision making which also have societal effects. It was agreed that a first draft would be circulated to the Committee members by March 1997 for comment; the follow-up action would be decided later by the Committee after reviewing the draft.

Working Group-III

IT Audit Training:

20. The Committee discussed the various issues raised in UK's paper and decided the following:

- The Committee has to play an important role in IT training for achieving its goals, especially in view of IDI's new approach (approved by the INTOSAI Governing Board) which shifts the emphasis from direct training assistance to helping regional groups to strengthen their training capability.
- Regional Groups and SAIs working together are likely to identify funding for training activities, but training course-ware should be available to them for using such funding usefully.
- Of the three levels of IT skills identified in the INTOSAI IT Audit Curriculum, training will be needed only for Levels 1 and 2. Level 3 needs are better likely to be met through short workshops, symposia, etc. rather than formal training.
- It would be better for the Committee to develop course-ware for Level 1 and Level 2 training, including the materials for training the trainers; the Committee can, with permission, use IDI's material also while developing the course-ware.
- Endorsing the CISA qualification will not be necessary. Without being seen as endorsing any particular qualification like CISA, the Committee can nevertheless inform INTOSAI members through "intoIT" about the availability of such qualifications, including a short write-up thereon.
- UK would fund and develop the course-ware in 4 major parts - Levels 1 & 2 for Financial Audit and Levels 1 & 2 for Performance Audit. The course-ware would be produced only in English and made available to all INTOSAI Regional Groups. Translation would be the responsibility of the concerned Regional Groups, if they consider it necessary.
- Delivery of the training courses would be logically the responsibility of the Regional Groups, with expert assistance wherever possible.
- In due course, development of distance learning packs can also be considered.
- The 3-year work plan of the Committee to be presented at the XV INCOSAI could indicate that the development of course-ware would be completed in 1996 for Level 1 Training and in 1997 for Level 2 Training. The materials developed would be tested for quality assurance by Working Groups I and II for Financial

Audit and Performance Audit respectively within the year succeeding the year of development. For testing their suitability for developing countries, Zimbabwe, Barbados and Kiribati agreed to review the material.

- A limited testing of training-delivery would also be explored in the SPASAI region as a joint UK-India effort.

D. PRESENTATION FORMAT FOR XV INCOSAI

21. The Committee discussed the draft presented for review and agreed broadly upon the revisions that would be necessitated in the light of the decisions in the 4th meeting in Stockholm. The participation of the members of the Committee in the proceedings relating to sub-theme II-E in the XV INCOSAI was also discussed and follow-up action agreed upon. The importance of Committee members being present to provide technical support to the Group Rapporteur and Moderator during the concurrent sessions was also stressed.

E. CONCLUSION

22. The meeting concluded with the Chairman thanking all members of the Committee for their active participation and significant contributions. The meeting ended with a vote of thanks to the Chair.