MINUTES OF THE 6th MEETING OF INTOSAI STANDING COMMITTEE ON EDP AUDIT

LONDON, APRIL 9th-10th 1997

1.   The 6th Meeting of the INTOSAI Standing Committee on EDP Audit was held at London on April 9-10 1997. The meeting was presided over by Mr. V.K. Shunglu, Comptroller and Auditor General of India and Chairman of the Committee. The following delegates attended the meeting:

Brazil

Mr. Homero Santos
Minister Carlos Silva
Mr. Claudio Branco
Mr. Sergio Almeida
Mr. Ricardo Delforge
Ms. Claudia Augusto Dias

Canada

Ms. Nancy Cheng

Colombia

Mr. Pierre M Jacob Demidoff

France

Mr. Jean Michel de Morgues

India

Mr. V.K. Shunglu (Chairman)
Mr. A.N. Chatterji
Mr. K.R. Sriram
Mr. Bhim Dutt

INTOSAI Secretariat

Mr. Reinhard Rath

Japan

Mr. Noriaki Katsumo
Mr. Toshiyuki Saito

Kiribati

Mr. Teteiara Maen
Mr. Rekeniibai Tawita

Kuwait

Mr. Barrak Al-Marzouq
Mr. Sulaiman Al-Zaid
Mr. Abdulrahman Al-Thunayan
Mr. Nassir Bin Nassir

Russian Federation

Mr. Khachim Karmakov
Mr. Fyodor Shelyuto
Mr. Alexander Suovorov
Mr. Alexander Andreev

Slovenia

Mrs. Silva Jamnik

Sweden

Mr. Peter Nilsson

United Kingdom	Mr. Martin Pfleger
	Mr. Steve Doughty
	Mr.Nigel Salt
	Mr. John Thurley
Zimbabwe	Mrs. Josephine Mukomba

2.   The Chairman welcomed the members and thanked Sir John Bourn and the NAO for hosting the meeting. In particular he welcomed new members Brazil, Costa Rica and Slovenia. He outlined the agenda for the meeting, which had already been circulated earlier to member SAIs.

I.   Composition/restructuring of Working Groups

3.   The Chairman introduced the topic, reminding members that Canada had declined to continue as Convenor of Working Group-1 in 1995 and presented proposals for restructuring the working groups and reallocating two research studies on "EDI and the Paperless Audit" and "Auditing in a Client-Server Environment".

4.   SAI Sweden agreed to take up the research study "EDI and the Paperless Audit Environment", limited to available resources. SAI UK agreed to take up the research study on "Auditing in a Client-Server Environment".

5.   After discussion and offers of material from members, the Committee agreed to the reconstitution of the existing three Working Groups into two groups. The reconstituted Working Group - 1 (Convenor Sweden) would cover Performance Auditing of the use of EDP systems and include the research project on EDI. Working Group - 2 (Convenor UK) would cover the audit of EDP-based accounting systems, EDP audit training and EDP support in auditing and include the research project on auditing in a client server environment. The composition of the two Working Groups would be as follows:-

Group I	Group II
Sweden (Convenor)	UK (Convenor)
Brazil	Barbados
Cuba	Canada
Costa Rica	Colombia
Ecuador	France
Japan	Russian Federation
Kiribati	Zimbabwe
Kuwait	
Slovenia	

II.   INTOSAI EDP Survey Questionnaire and Directory 1998

6.   SAI India presented the proposed INTOSAI EDP Survey Questionnaire and Directory for the Committee's consideration. The presentation set out the background to the planned update of the INTOSAI EDP Directory, the first edition of which was published in 1994. India set out the objectives and timescales and offered the draft survey questionnaire and directory format for the Committee's consideration.

7.   The Committee accepted the broad format and timing of the proposal. After some discussion of the role of the Internet in collecting and disseminating information, it agreed that:

- Committee members should submit detailed comments on the draft survey questionnaire by 15 May 1997 to SAI India.

- The survey questionnaire would be posted on the Internet and responses would also be accepted via the Internet. This would not replace the normal manner of distribution (mail/fax) but would supplement the same.

- While considering the publication of the Directory, the Committee would take note of suggestions received for electronic publishing and circulation, to the extent feasible. The Committee also took note of the suggestion made by the representative of the INTOSAI Secretariat that the adoption of such methods of dissemination should not adversely affect the ability of SAIs, with varying levels of IT skills, to access such information and participate in future discussions.

- The reconstituted Working Group - 2, the INTOSAI Secretariat and SAI India will explore possible options for the more proactive use of the Internet by the Committee.

III.   Status Report on the IntoIT

8.   SAI UK presented a status report on "intoIT", specifically introducing Issue 5 thereof and thanking contributors. The Committee noted that "intoIT" was now receiving contributions from a large number of SAIs, not just Committee members.   SAI-UK invited Committee members to contribute to forthcoming issues and they made the following offers:-

SAI	Article	Issue of intoIT
Russian Federation	Introduction of IT in SAI	Issue 6
Slovenia	Country focus	Issue 6/7
Kuwait	Country focus	Issue 8
India	Case study on Forensic audit	Issue 7

IV. Report on Reference List of Material on IT Performance Auditing

9. SAI Sweden presented a report on this Reference List, which was based on responses from 13 member countries identified during the EDP Survey of INTOSAI Members in 1993-94.

10. The Committee agreed that the list was very valuable and debated on ways in which it might be maintained and kept up to date. Committee members suggested using the Internet or "intoIT" as mechanisms for update and distribution. It was agreed that the reconstituted Working Group - 1 would consider these suggestions and present options for possible follow up action atthe next Committee meeting in Stockholm in May 1998.

V. Report on INTOSAI IT Audit Training Courseware

11. SAI UK made a presentation on this courseware, which is one of the Committee's key outputs, building on the Committee's earlier work in developing the IT Audit Training Curriculum.

12. Since the complete set of Training Courseware is voluminous, the presentation concentrated on the Overview and the IT Controls modules. SAI UK emphasised the following:-

- the course is aimed at level 1 & 2 IT auditors. As decided earlier, the requirements of level 3 IT auditors would be met through seminars and workshops.

- it is modular and flexible and designed to be adapted for local needs.

- SAIs or INTOSAI regions need to identify funding for running training programmes on IT Audit.

13. The Committee discussed the presentation at length. It agreed that the course material would be of great benefit to the INTOSAI community.

14. The Committee agreed on the following:-

- The structure of the course material was approved.

- Comments on the course structure and overview had been solicited earlier by UK and responses received. Detailed comments on the individual modules would now be sent by Committee members to SAI UK by end June 1997, so that the courseware could be finalised by July 1997. Copies of the material could be made available, on request to SAI UK, either on paper or floppy disk.

- SAI India would make available documentation setting out the business case for funding the training of Indian staff in IT Audit by the British ODA (Overseas Development Administration).

- Once the courseware was finalised it would be circulated to the Secretariats of Regional Working Groups of INTOSAI, as well as to the INTOSAI Secretariat and IDI. Copies would also be made available to Committee members. Simultaneously, the Chairman would forward copies of the course overview to all member SAIs, requesting them to contact their representative Regional Working Groups for further details.

- The package will be reviewed every four years and updated, as needed, in the light of responses to the INTOSAI EDP Survey.

VI. Report on 1998 IT Performance Auditing Seminar

15. SAI Sweden reported to the Committee on preparations for the Seminar in May 1998 and outlined the timetable therefor. The Committee approved SAI Sweden's proposals for themes and theme leaders as

- SAI Canada: New techniques in auditing System Development

- SAI India: Strategic Planning for IT Performance Audit

- SAI Netherlands: Information Security and Code of Practice.

- SAI South Africa: Specialised Information System Audit Tools.

- SAI Sweden: EDI

- SAI UK: IT Development and Operations contracted out to the Private Sector.

16. All Committee members would be invited for the seminar. Sweden would explore how best to achieve a representative selection of delegates by region and expertise in EDP, keeping in view the restriction on the number of participants who could be accommodated at Stockholm.

VII. Year 2000 Problem

17. SAI UK made a short presentation on what the "Year 2000" problem is, how it came about and what are its potential impacts.

18. Committee members take the problem very seriously and highlighted a number of issues in discussion:

- it is not merely an IT problem, but has serious management implications

- despite the fact that it has already impacted many organisations, industry consultants report that as few as 25% of large organisations are taking the problem seriously; in many, if not most cases, the potential impact of the problem has been grossly underestimated.

- there are issues of legal liability, both for fixing the problem and for failure to do so

19.   The Committee agreed that the reconstituted Working Group- 2 plus Canada would survey Committee members for developments in this regard and report back to the Committee at Stockholm.

VIII.   Status Report on Research Study "EDI and the Paperless Audit"

20.   SAI India made a presentation, explaining the background to this study, and the work done so far - the preparation of a draft paper by SAI Canada and articles in the January 1996 issue of "intoIT"

21   During discussions, several members drew attention to the ongoing research on various aspects of audit of EDI, and related their SAI's experiences in this area. The Committee noted that this study would now be taken forward by the reconstituted Working Group - 1, which would take note of suggestions offered by members as appropriate.

IX.   Research Study on "Auditing in a Client Server Environment"

22.   SAI India made a presentation on the emergence of Client-Server computing as a new model of the 1990s, and its audit implications. The Committee noted that not much research has yet been done on this issue.

23.   It was agreed that the reconstituted Working Group - 2 would progress this study, circulate a draft paper by the end of October 1997 for comment and present a revised paper to the Committee at its next meeting at Stockholm in May 1998.

X.   Report on Performance Audit Methods for Analysing Effectiveness of Use of New Technologies by Auditees

24.   SAI Sweden introduced this paper, which focuses on the problem of setting objective measures of IT value and sets out a method of examining specific IT investment.

25.   The Committee members found the paper very useful and welcomed its business orientation. After discussion, the Committee agreed that:

- detailed comments on the paper should be sent to SAI Sweden by the end of July 1997, and

- the revised paper would be published as a supplement to Issue 6 of "intoIT" in October 1997.

Mr. Reinhard Rath of the INTOSAI General Secretariat reported to the Committee on the Secretariat's experience in setting up an INTOSAI homepage on the Internet over the past 2 years. He noted that the number of file downloads from the site was growing, of which only 10-20% of this activity was attributable to Intosai members, with other downloads being made by bodies such as the World Bank, NATO, OECD as well as interested private persons. This was indicative of INTOSAI's increasing presence as a standards setting body. Mr. Rath also discussed the Secretariat's plans to extend coverage to the regional working groups and committee. The Secretariat would either offer space on its own site or maintain links to pages located on other hosts. It was agreed that the reconstituted Working Group-2 and India would liaise with the General Secretariat to see how best the Internet could be used as a means of disseminating information about the Committee.

XII.   XVI INCOSAI

30.   Mr. Rath also reported to the Committee on preparations for the next INCOSAI Congress at Montevideo in November 1998. Theme II of the Congress would focus on the the working of the Working Groups and Committees of INTOSAI and would be chaired by SAI Netherlands. EDP Audit would be one of the sub-themes under this theme. Mr. Rath indicated that he would be meeting representatives from SAI-Netherlands as well as SAI-Uruguay in May, and would then get back to SAI India and the other Committee members later this year, on various issues concerning the conduct of sessions for this sub-theme.

XIII.   Purpose of Development of the Accounts Chamber's Information Telecommunication System (ACTIS)

32.   The SAI of the Russian Federation presented a paper on their Information Telecommunication System, which would support the work of SAI. This is planned to be implemented in two stages, a pilot stage in 1998 and the full system in 2000. SAI Russia invited detailed comments from Committee members on this paper. The Committee took note of the paper presented by SAI-Russia, and several members agreed to offer suggestions thereon to the SAI.

XIII.   Approach to Committee Report to INTOSAI Governing Board

33.   SAI India made a presentation on the Chairman's Report to the INTOSAI Governing Board and Montevideo in November 1997 which would cover the

- publication of 3 more issues of "intoIT";

- 1997/1998 EDP Survey and Directory;

- finalisation of IT Audit Training Courseware;

- publication of the Reference List of Material on IT Performance Auditing;

- status of the research projects on "EDI and the Paperless Audit". "Auditing in a Client Server Environment" and "Performance Audit Methods for Analysing Effectiveness of Use of New Technologies by Auditees";

- preparations for the 1998 IT Performance Auditing Seminar;

- and a report on the use of the Internet by the Committee.

Closing remarks

34.   The Chairman thanked all members for their active participation in the work of the Committee and useful contributions. He looked forward to the next meeting at Stockholm in May 1998 and declared the meeting closed.