

TAKE THE LEAD!



AUDIT – A blessing or a curse?

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Introduction

Lia Ruszczyński – IT Auditor - MBCP
37 years Information Services Experience

Bucyrus – Erie Corporation

1981 – 1991

- **Computer Programmer**
- **Technical Writer**
- **Data Security Administrator**

Mortgage Guaranty Insurance Corporation (MGIC)

1991 – 1999

- **Information Security Specialist**

1999 – 2015

- **Business Continuity Architect**
- **2003 – CBCP**
- **2006 - MBCP**

2015 – Present

- **IT Auditor**

OBJECTIVE

This presentation will help to explain the world of audit. *For example purposes, a Business Continuity Management audit is referenced at times.*

Focus Includes:

- Auditor's objectives and responsibilities.
- Differences between internal and external audits.
- What to expect from an audit
- How you can partner with and use audit to your favor to improve your program and prepare for an audit.

Informal Survey

- How many of you have participated in an audit at your company?
- How many of you think of Auditors as the bad guys?

Common Perceptions

- Run the other way Audit is coming !
- Don't say anything to an auditor because they are out to get you.
- Auditors are just looking to find fault and make you look bad.

Reality

Audit can be a Blessing not
a Curse

Objective

I want to help you
understand why

Why?

Why are we even talking about Audit?

There are 3 things for sure in life.....

1. Death
2. Taxes
3. Your Business Continuity Program will be audited.

RISK

Most Company's top risks include:

- Information / Cyber Security
 - **Business Continuity**

Risk Mitigation

Auditing is designed to **INDEPENDENTLY** look at the key risks facing a business and assess how the business is managing those risks effectively. (In other words, what controls are in place to mitigate those risks?)

Risks and Control examples

RISK

CONTROL

Data loss or corruption

Data backups or replication

Fire in the data center

Fire suppression

Recovery plans do not exist

Develop recovery plans

Plans fail when executed

Perform regular testing

Inherent vs Residual RISK

Inherent Risk – the amount of risk with no mitigating controls

Residual Risk – the amount of risk that remains after mitigating controls are in place

Who will perform your audit?

Depending on the size of your company or how regulated your line of business is, you may be audited by Internal Auditors, External Auditors or both.

All publicly traded companies **MUST** have an internal audit department

External Auditors

External Auditors **are not** employees of your company.

Examples include:

Government Agencies, regulatory bodies, financial auditing firms and customers.

Results from external audits seemed to have more impact than internal audits

Internal Auditors

Internal Auditors **are** employees of your company.

They provide **independent**, objective assurance (audits) and consulting (advisory) services.

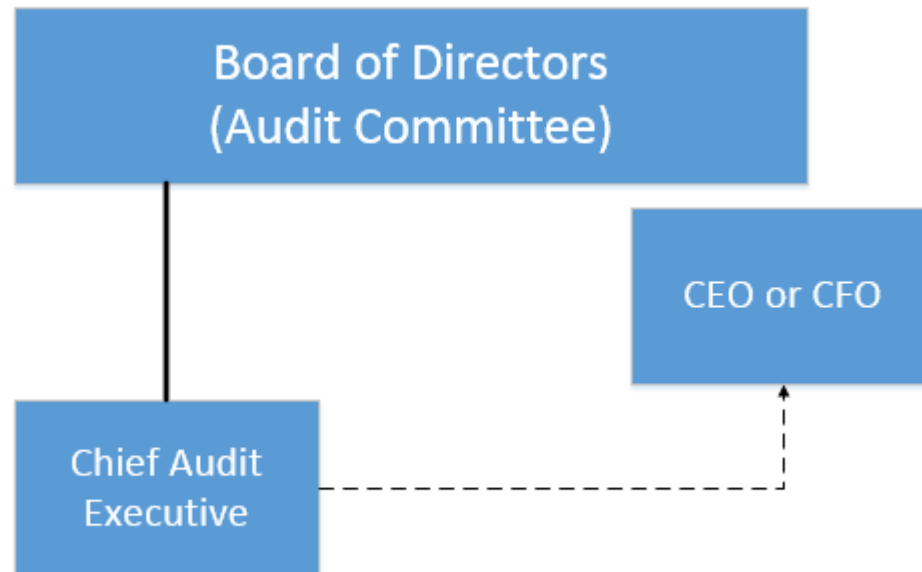
Internal Auditors

INDEPENDENT?

If they are employees of the company how
can they be independent?

Independence

- The Internal Audit department reports directly to the Board of Directors' Audit Committee.
- Internal Auditors are their eyes and ears into the operations of the company.



Services Offered by Internal Audit

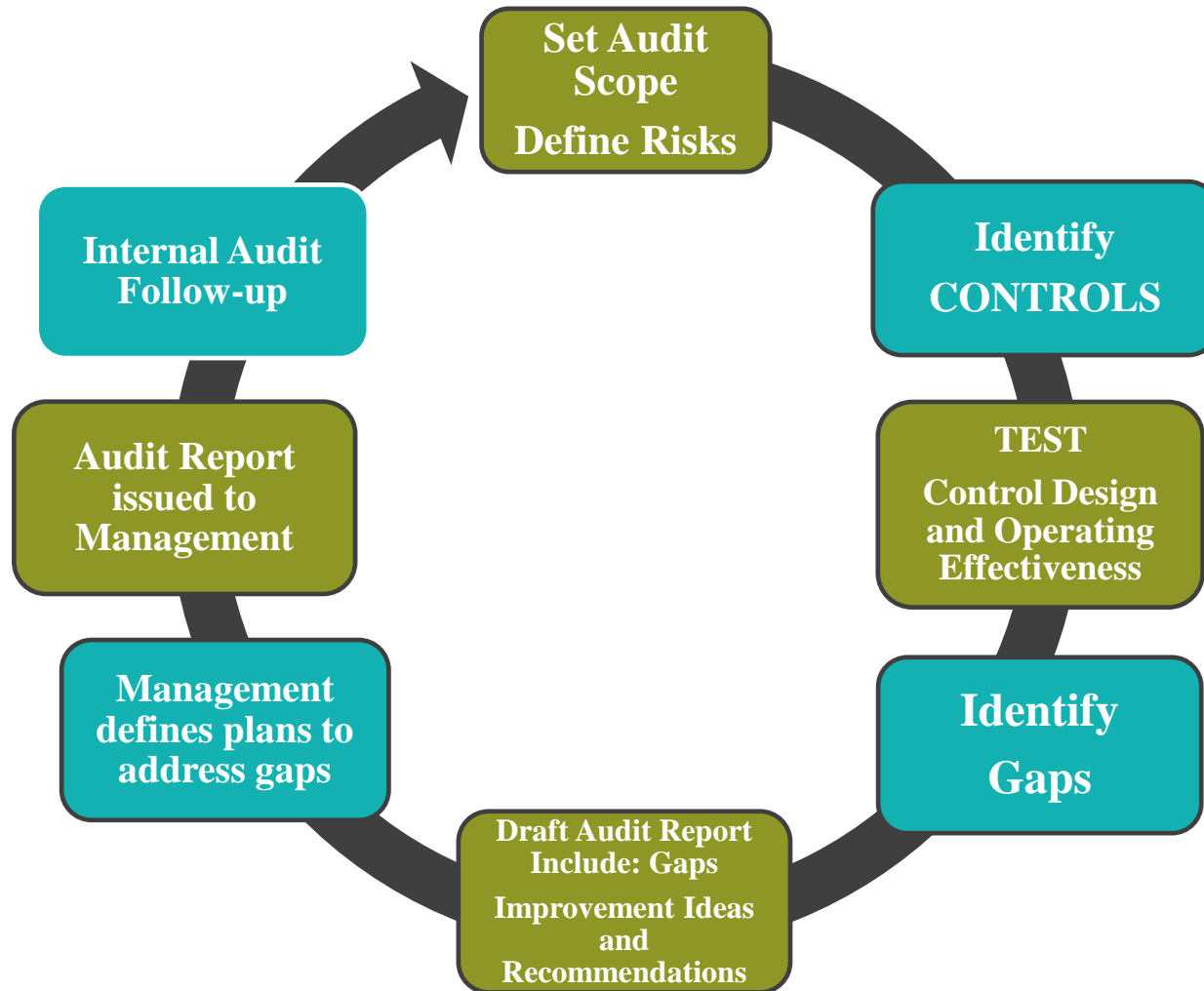
Assurance (Audits) and Consulting (Advisory)

Audits are performed on activities that have already happened.

Advisory services are performed on processes, systems or programs that are in the process of being developed or implemented.

What to expect during an Audit

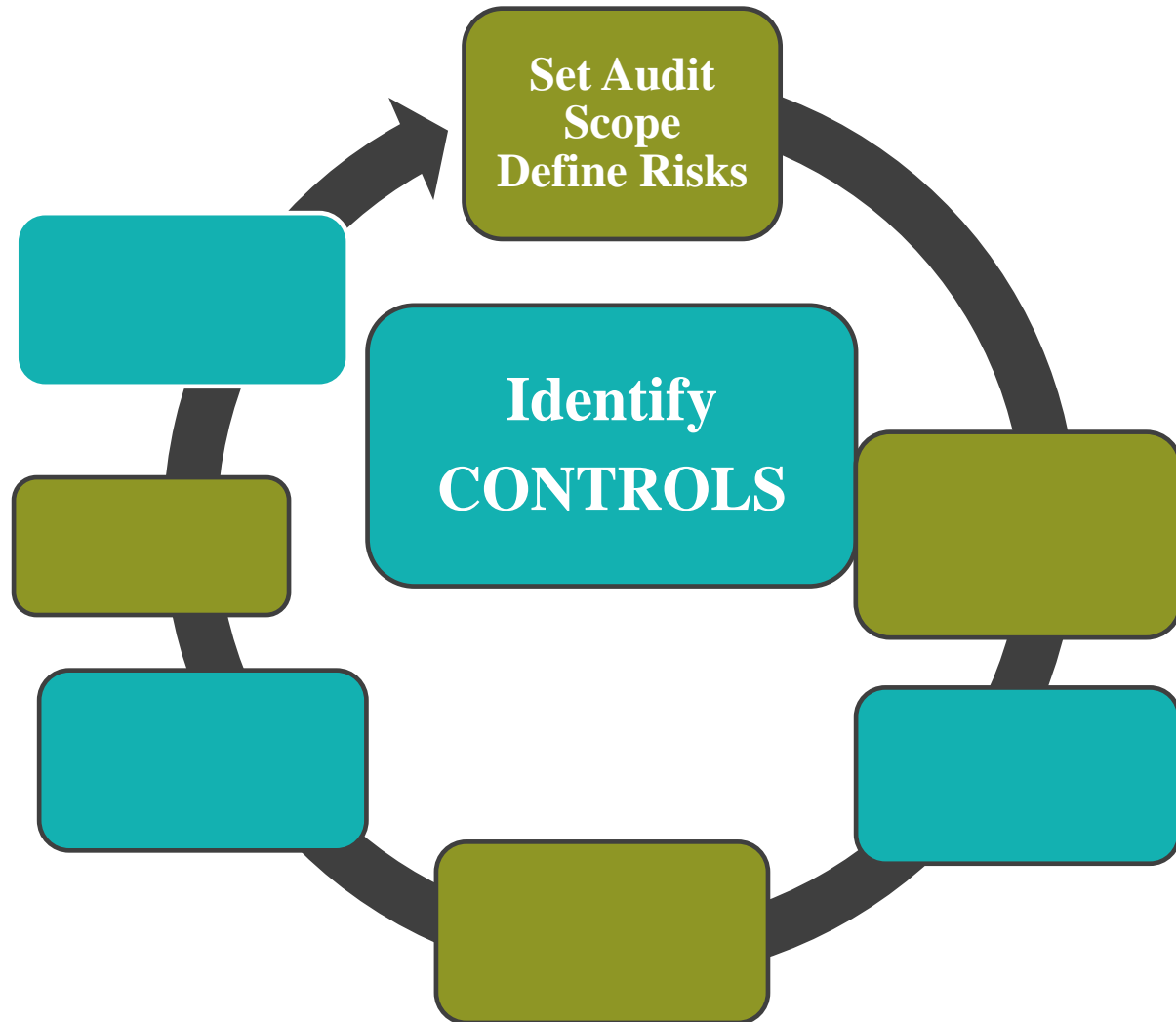
Life Cycle of an Audit



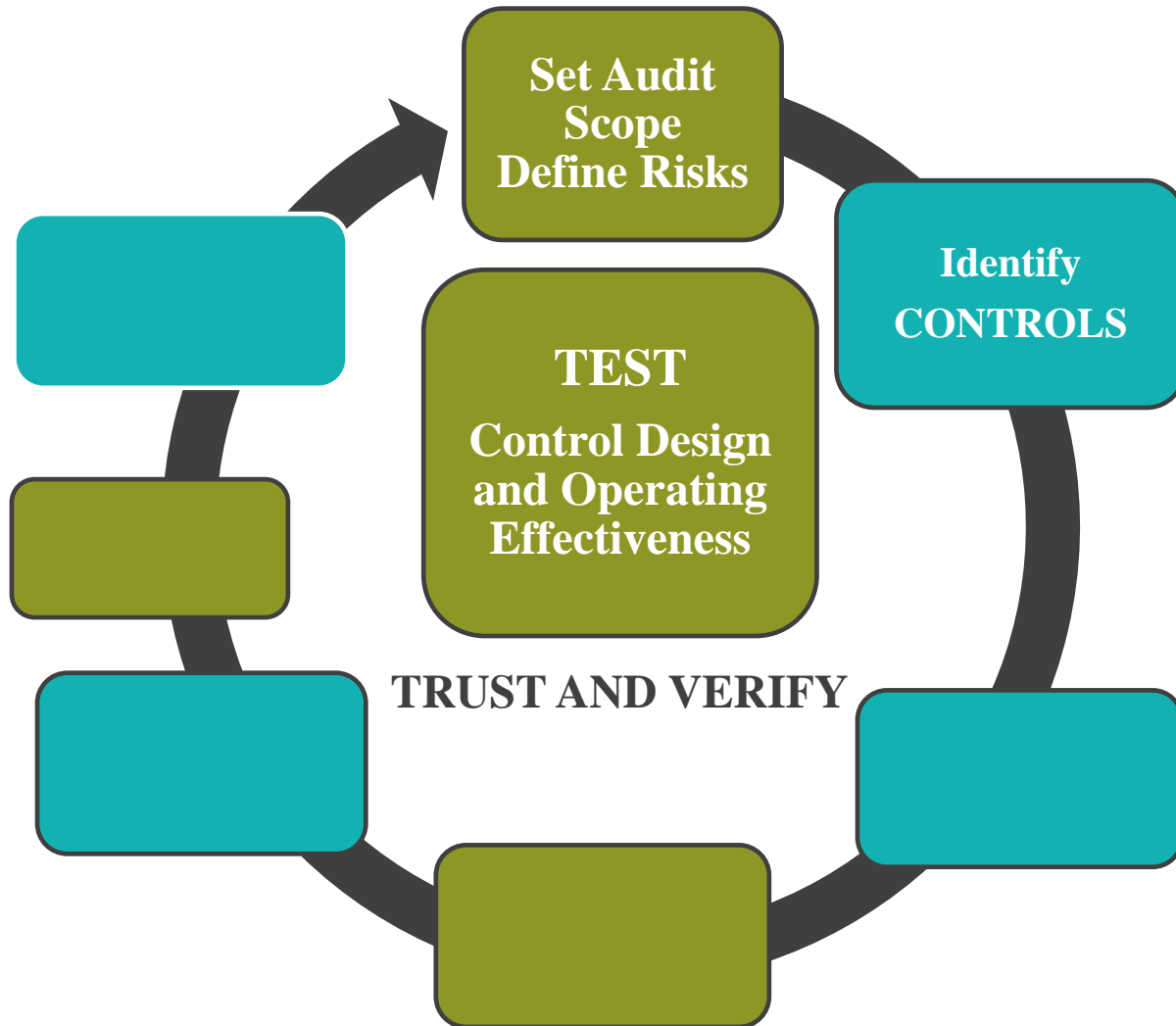
What to expect ?



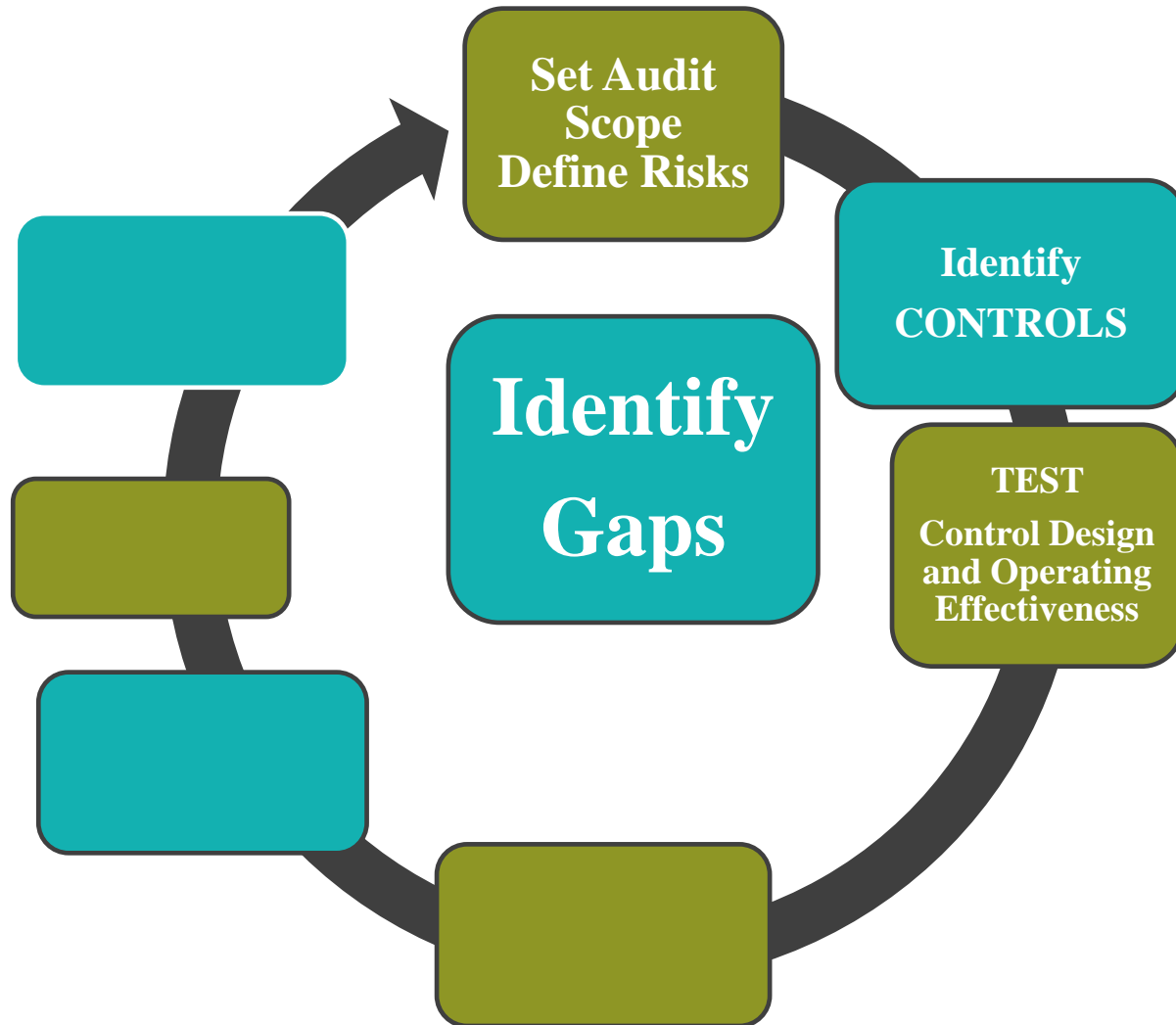
What to expect ?



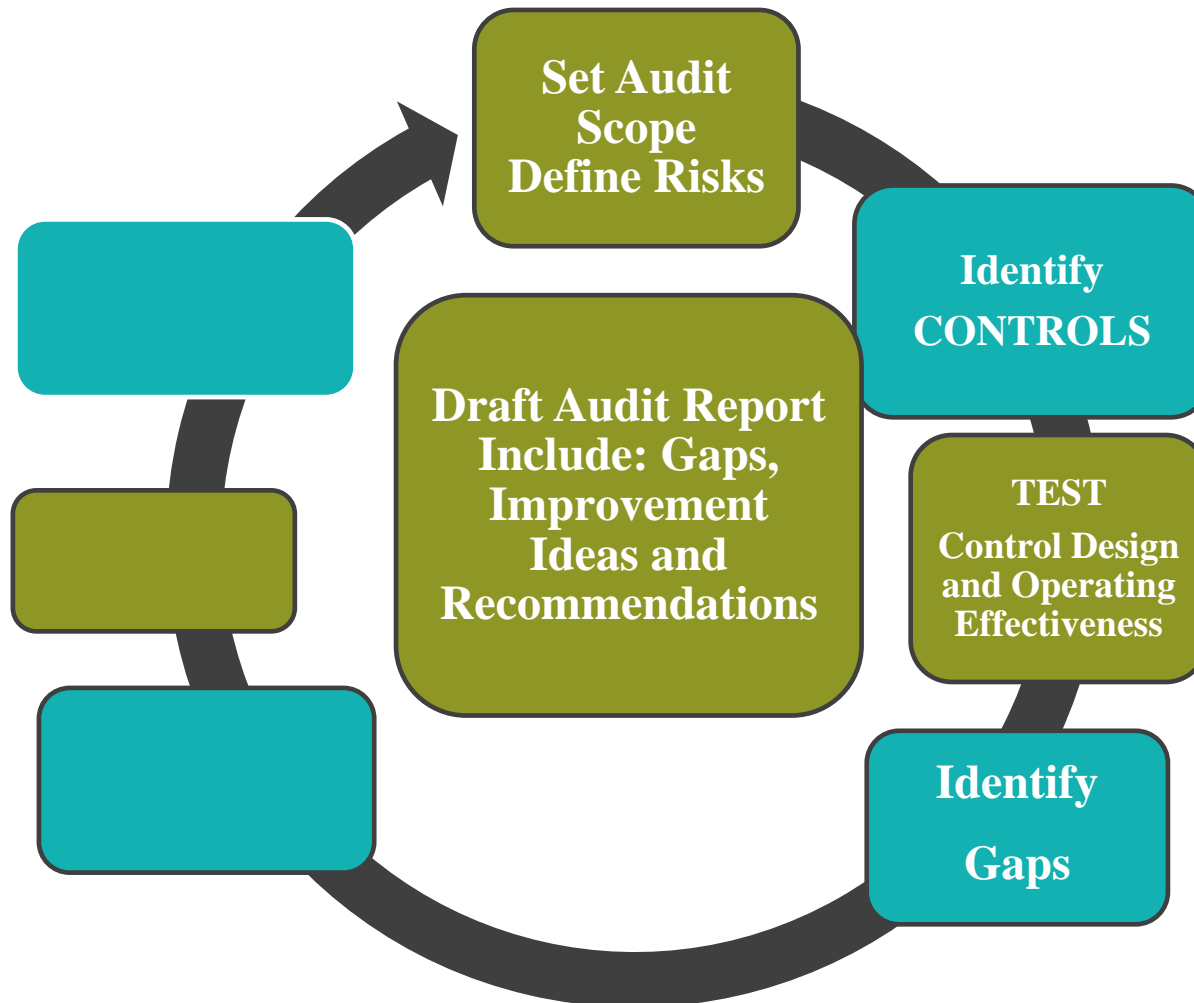
What to expect ?



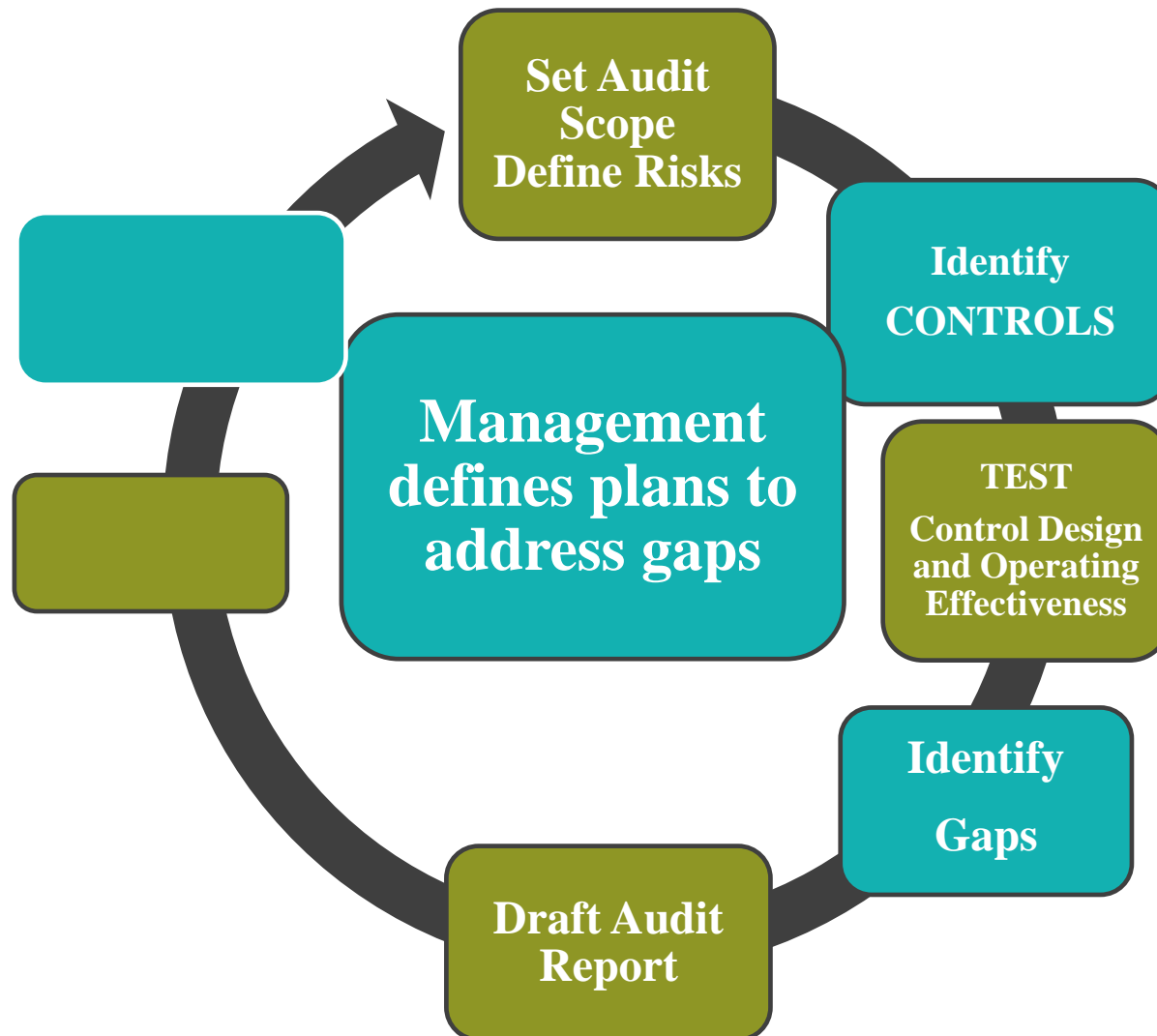
What to expect ?



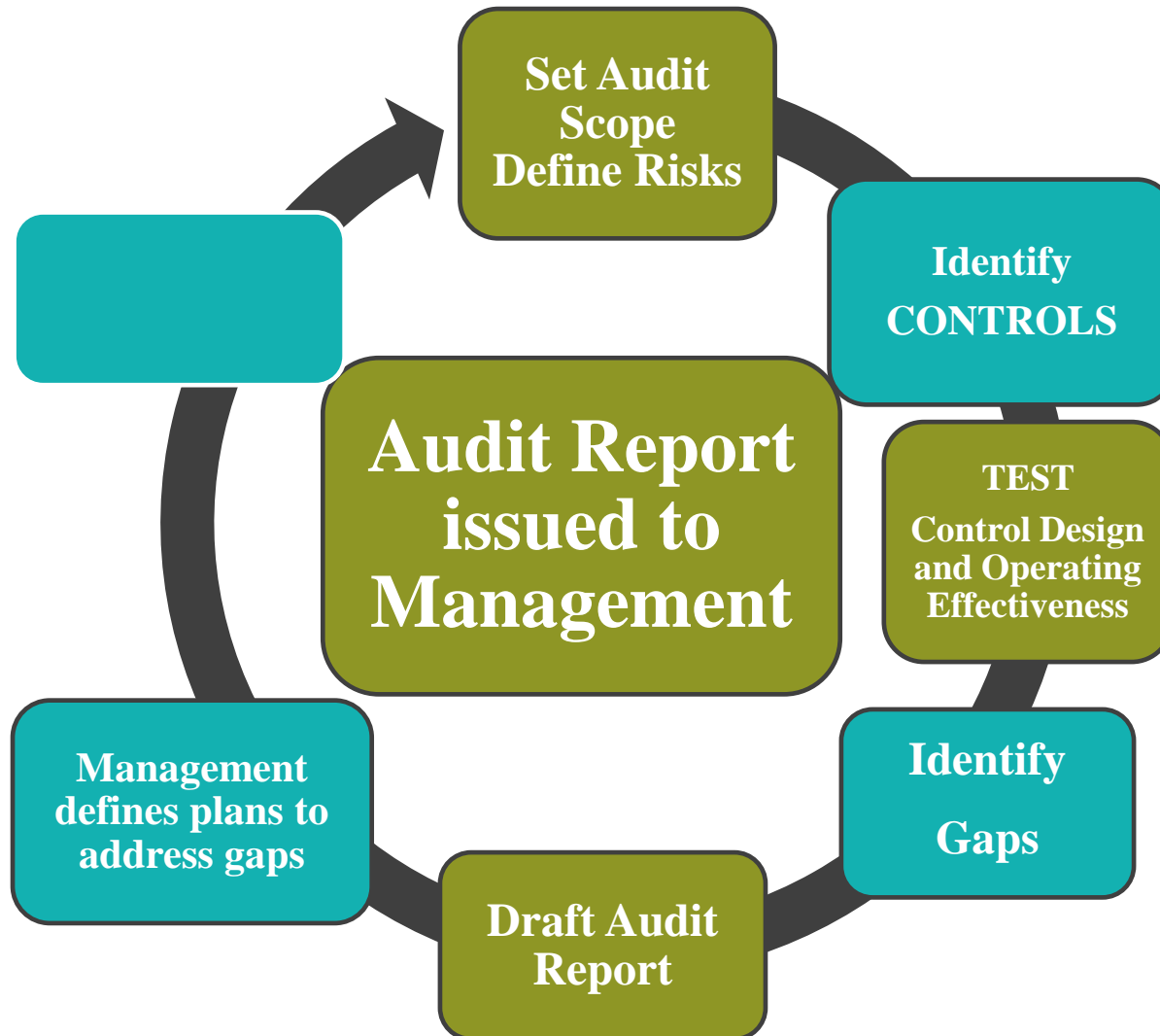
What to expect ?



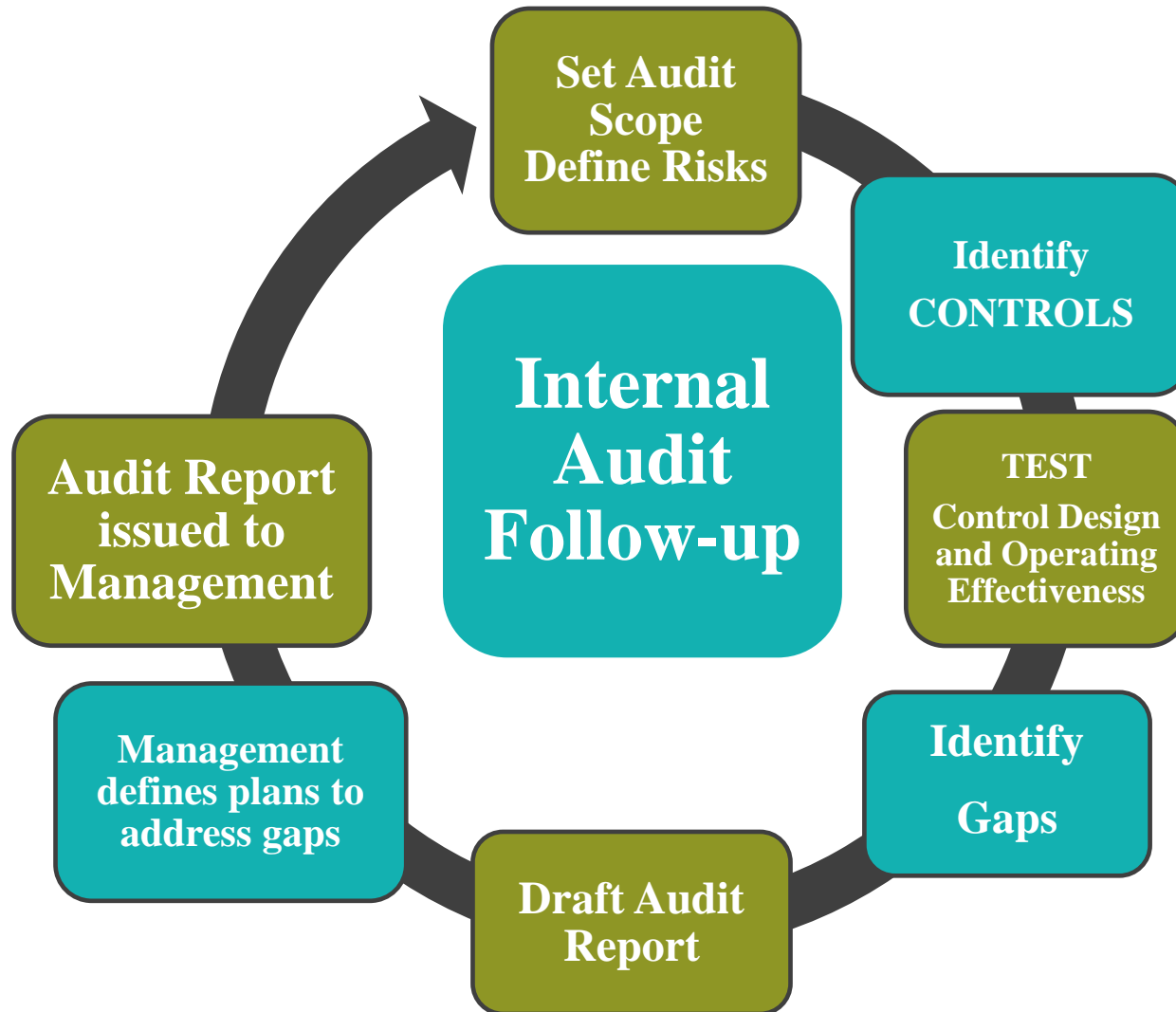
What to expect ?



What to expect ?



What to expect ?



How to Prepare for an Audit?

Perform a Self Assessment.

If applicable, see how you measure up against Industry Standards.

Partner with your Internal Audit Team

BCM Industry Standards

ISO 22301 – International Standards Institute

NFPA 1600 – National Fire Protection Association

SPC.1-2009 – ASIS International

FFIEC – Federal Financial Institutions Examination
Council

Maturity Model

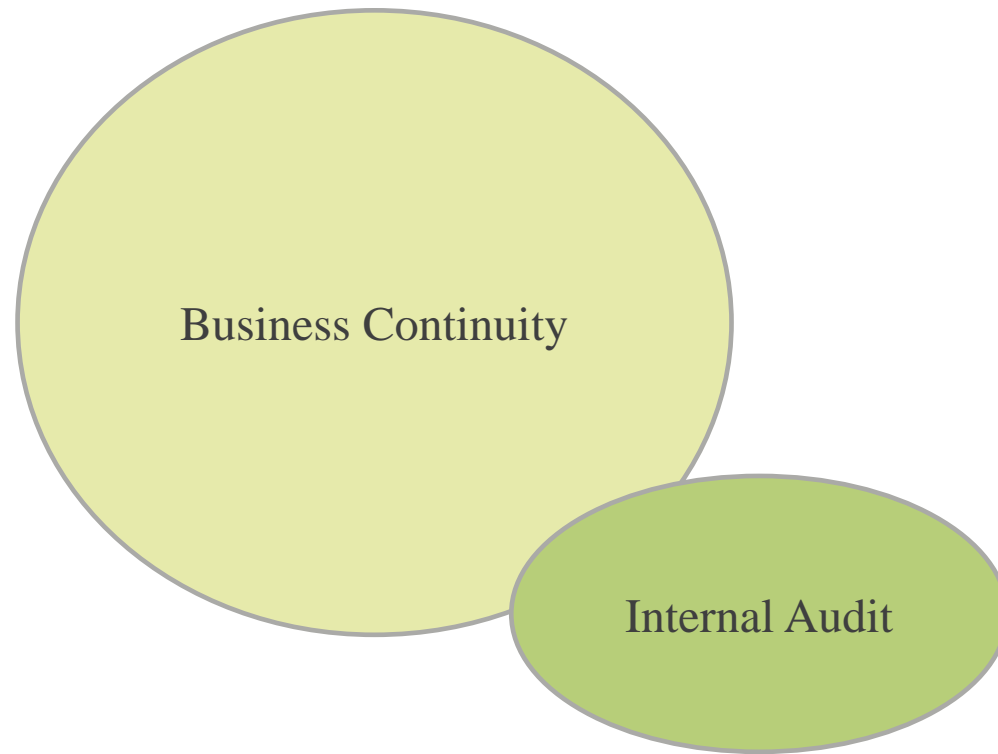
Virtual Corporation offers a FREE Business Continuity Maturity Model (BCMM)

<https://www.virtual-corp.com/business-continuity>

- A tool to assist with performing an assessment of your program to see how mature your program is.
- Offers a comparison of the BCMM to industry standards

Develop a Partnership

Develop a partnership with Internal Audit



Ways to Develop a Partnership

- 1. Participate in an audit**
- 2. Request Advisory Services**
- 3. Establish Check-Ins**
- 4. Enlist Support**

1. Participate in an Audit

The ultimate goal is to do what is best for the company to ensure risks are mitigated appropriately.

- Collaborate with Internal Audit
- Request an internal audit before an external audit
- Identify risks and concerns you are aware of
- Engage audit to support initiatives necessary to mitigate risks that may not be reaching management for consideration

2. Advisory Services

Your management can request the Internal Audit Team provide advisory to review your program as it is being developed.

This is a great way for you to have a fresh set of eyes assessing your program, offering best practices and identifying gaps or areas of improvement.

2. Advisory Services (con't)

What's great about advisory services?

- Not an official Audit !
- No report is submitted to the board of directors.
- A memo is generally drafted to management only advising of any gaps identified.
- **Perfect way to prepare for an external or internal audit before the audit.**

Example

Selling your house

3. Establish Check-Ins

Maintain an on-going dialog with your Audit Team

- Meet regularly (i.e. quarterly) to discuss your current initiatives, exercise objectives/results, future enhancements, challenges etc. and request direct feedback.
- Great way to get valuable feedback you can incorporate into your program as you go, instead of waiting until you are audited.

4. Enlist Support

Discuss how Internal Audit may be able to support your program through their audit work

BCM Example :

When performing an audit on a business process, request Audit include a review of the area's business continuity plans to see if they are current and complete.

This is a great way the audit team can assist BCM to emphasize the importance and currency of business continuity plans.

Internal Audit is not a Curse it is a blessing and GIFT

Provide an INDEPENDENT assessment of business processes and controls

Ensure compliance with laws and statutory regulations

**Part of the Family
Operate as an extension of your team offering on-going support and insight**

Help protect the company and offer support to business areas

Provide the opportunity to partner with business areas to identify gaps before outside entities do.

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Questions

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