

❖ **Meeting Announcement** ❖

Year 2000 From An Audit Perspective

Wednesday, Sept. 23rd, 1998 — Duba's Restaurant, Grand Rapids, MI.

THE ultimate compliance project has **LESS** than 500 days to go, folks, and new damage estimates are coming out daily! The latest Gartner Group survey (8/10/98) stated that many firms do not plan to test new systems and up to two-thirds of businesses in some countries — particularly in Russia, Asia, South America, and the Middle East — are expected to have at least one significant mission-critical failure. In contrast, however, Gartner's research also found that companies worldwide are spending more of their IT budgets on fixing computer systems to properly handle dates from Jan. 1, 2000 onward. But that is still NOT enough!

Tonight, Carolyn Fairbank will look at issues of whether or not your organization's internal and external bases are covered, have you done due diligence, the security risk of Y2K and how to determine your exposure, and finally, what specific types of tests should you run on the baseline to ensure you are compliant.

Carolyn Fairbank is President of QuestSTAR Consulting, an IT software process consulting and training firm that specializes in software testing, risk management and project management. QuestSTAR is based in Baltimore. Carolyn has over 25 years in IT and left corporate life as a Director of QA and test engineering for a large insurance firm to start her own business. She is also a senior consultant with the Quality Assurance Institute in Orlando and is a Certified Software Test Engineer, Certified Quality Analyst, and an ISO 9000 certified auditor.

PLEASE NOTE — *EARLY STARTING TIME AND MEETING COST FOR THIS EXPANDED PRESENTATION!*

Topic:	<i>Year 2000</i>	When:	Wednesday, September 23rd, 1998
Where:	Duba's Restaurant I-96 & East Beltline (Exit 38) Grand Rapids, MI	Times:	3:00 – 6:00 pm Y2K 6:00 – 7:00 pm Dinner 7:00 – 8:00 pm Follow-up / Q&A
Cost:	Members, IIA & AITP: \$35.00 Non-members: \$50.00		

RSVP: John Blair, Steelcase, Inc., at (616) 248-3822 ***NO LATER THAN*** Thursday, September 17th, 1998.

REM: **PLEASE** give John your name, phone number, dinner selection AND Chapter affiliation!

President's Message



The volunteers elected to the board are quite excited about this year's outlook for providing good presentations of important audit areas. The listing of meeting topics and the annual seminar are listed elsewhere in this newsletter. This year we have scheduled meetings at various times of the month and on different days of the week. This is an attempt to have topics available when you have time. We are hoping to increase the number of meeting attendees and the diversity of their backgrounds.

Having Time, the goal of everyone is to make more time or to make better use of the time available. Time has a way of flying by, especially if you are trying to assess your organization's Year 2000 Compliance Readiness. By the time you receive this newsletter, there will be less than 490 days until January 1, 2000. Your organization does NOT have 490 days. Financial forecasting, material scheduling (long lead times) and other applications will have deadlines much sooner. Last year's presentation (by Sam Rubenstein of Ernst and Young) itemized many of the general areas needing to be reviewed and the risks associated. Since then, the Automotive Industry Action Group (AIAG) has distributed a comprehensive questionnaire to the companies 'that supply Chrysler, Ford or General Motors with crucial materials or services'. Yes, Steelcase products (office furniture) somehow made the list. So, your organization's Year 2000 Coordinator is likely getting buried in questionnaires for customers and the returning questionnaires they sent out. All of this while attempting to complete the review to the Fixed Asset system for shop floor compliance. To top off their day, you what to complete and audit or the organization's year 2000 readiness. To better focus the activities of your work and that others involve in the year 2000 readiness projects, we are bringing Carolyn Fairbank in for the September 23, 1998 meeting. Her presentation will be targeted towards an audience that is aware of the issues. An audience that needs to know how to assess risk and what testing can be performed. This would include EDP Auditors, Year 2000 Coordinators and the auditors that we refer to as normal auditors.

The February seminar on Window NT will be another topic where we are expect not only a large EDP Audit turn out, but Information Technology professionals in the security and system administration roles. For those of you who completed the survey distributed from John Arens, thank you. The Program Committee appreciated your time and effort in helping us to help us all.

Future items we are looking to address are: creating web site for our chapter that would include more than just the newsletter, methods of getting additional attendees for our meetings and gathering more information on our members, their needs to meet the challenges of their audit plans and enhancing communication amongst the members of the chapter.

— Bernie Powers



*Information Systems
Audit and Control
Association*



INTERNATIONAL NEWS

A Recap of *ISACA* events from the *ExpressLine* Newsletter

CISA News — The 1999 BULLETIN OF INFORMATION is ready for distribution, and a copy will be coming to the Chapter in late August. Anyone interested in sitting for the 1999 *CISA* exam can obtain a copy by writing to the Certification Department at the International office.

1998 CISA RESULTS

- Nearly 5,000 candidates from 55 different countries sat at 150 different locations for the 1998 Certified Information Systems Auditor (CISA®) exam, which was offered in nine different languages. These candidates hoped to join the 11,275 CISAs around the world as of year-end, 1997. Rather extraordinary numbers, considering that the 10,000 mark was only achieved in December, 1996! Who says there's a shortage of talent out there???
- CISA exam results were evaluated in mid-July before final individual grades were issued. The evaluation process includes a thorough review of the testing statistics for each question and for each language. Any question not meeting testing requirements or failing in proper translation is not used in the final grading process. This procedure ensures fairness and consistency of grading.

IS AUDIT TRAINING WEEK — For the first time, *ISACA* will conduct a full week of training, featuring Professional Seminar Series (PSS) topics and speakers. Popular speakers Craig McGuffin and Barry Lewis will present sessions on Network Security, Windows NT Security and Penetration, TCP/IP and Internet Security and Securing the Desktop. Sessions are one to two days long and may be taken individually or in combination. All sessions will be held at the University of Chicago. (We will publish the dates in *Dates of Note* once we receive them. – Ed.)

COBIT 2nd Edition Upgrade Prices — Members who have purchased the first edition of *COBIT* are eligible to purchase the COMPLETE 2nd edition, including CD-ROM, for \$75.00, a \$25.00 savings off the regular price.

Year 2000 Initiatives — You should have already received your copy of *An Executives Guide to Year 2000*. All *ISACA* members were to be mailed a complimentary copy as of the end of July, 1998. The guide identifies key issues, concepts, pitfalls, and approaches to becoming Y2K compliant. The Research Board is also in the process of putting together a Year 2000 Workbook to assist in conducting Year 2000 assessments. It is anticipated to be available in the 3rd quarter of 1998. The Board is also anticipating conducting a Y2K readiness survey in the third quarter.

"You must have long-range goals to keep you from being frustrated by short-range failures!" – Charles C. Noble



Dates of Note

WESTERN MICHIGAN CHAPTER OF THE ASSOCIATION OF INFORMATION TECHNOLOGY**PROFESSIONALS**

Thursday, September 17, 1998

We have been invited to attend the first meeting of the Western Michigan Chapter of AITP. Bob Tipton will speak on the "Top Ten Megatrends in I.T." **This is a luncheon program and meeting to be held from 11:15 am to 1:30 p.m.** Location is Duba's Restaurant. Those wishing to attend should contact Aime Harpe at 616 / 336-5050 by FRIDAY, September 11th. Please let her know that your an ISACA member. Cost is \$25.00.

IS AUDIT DIRECTORS & MANAGERS SYMPOSIUM XXII

October 14 – 16, 1998

Crowne Plaza Redondo Beach & Marina Hotel

Los Angeles, CA.

Optional Workshop 10/13/98

MIS Training Institute, Framingham, MA

508 / 879–7999 or e-mail mis@misti.com**PROJECT MANAGEMENT**

October 21, 1998

Days Inn Downtown

Seminar No. 1000037

Fred Pryor Seminars, Shawnee Mission, KS

800 / 255–6139 or fax 913 / 722–8585

A 1-day seminar on the art of project planning, better communications techniques, and indispensable planning, scheduling, and estimation tools for successful project management. **Cost: \$195.00**

THE MIS AND IIA ANNUAL CONFERENCE ON CONTROL, AUDIT, & SECURITY OF INFORMATION**SYSTEMS**

October 27 – 29, 1998

Westin Peachtree Plaza

Atlanta, GA

Topics Include: NT 5.0 Security, Controlling Oracle, PeopleSoft, SAP/R3, Controlling Intra/Internets, Secure e-commerce, Novell NDS, Data warehousing, etc.

MIS Training Institute, Framingham, MA

508 / 879–7999 or e-mail mis@misti.com

or Inst. Of Internal Auditors, Altamonte Springs, FL

407 / 830–7600 ext 1

NORTH AMERICA CACS 1999

May 2–6, 1999

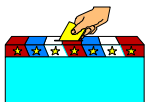
Orlando, Florida

ISACA Conference Office

conference@isaca.org— **THE FINE PRINT** —

Control Bits and Audit Bytes is a publication of the Western Michigan Chapter of the *Information Systems Audit and Control Association (ISACA)*. The purpose of this publication is to disseminate useful and timely information on automated systems control and security issues to Chapter members and selected practitioners of computer systems audit and security. Articles, submissions, and advertisements are the responsibility of the submitter, and do not reflect the opinions, beliefs, or practices of the Western Michigan Chapter.

Materials submitted for publication in *Control Bits and Audit Bytes* must be received by the Newsletter Editor no later than the submission deadline published in the newsletter. If no submission deadline is published, the default deadline is approximately three weeks prior to the next scheduled meeting of the Western Michigan Chapter of the *Information Systems Audit and Control Association*.

**ELECTION RESULTS**

In compliance with the by-laws of the Western Michigan Chapter (Chapter 038) of the *Information Systems Audit and Control Association*, an election was held at the last meeting of the 1997–98 season to select the Officers and members of the Board of Directors for the 1998–99 season. By unanimous vote by the membership present at the April 29th, 1998 meeting and the absentee ballots submitted, the following are your 1998–99 Chapter Officers and Board of Directors:

President

Bernie Powers, CISA
Steelcase, Inc.
bpowers@steelcase.com

**Vice President
& Program Chair**

John Arens
Meijers, Inc.
arensj@meijer.com

Secretary

John Blair
Steelcase, Inc.
jblair2@steelcase.com

Treasurer

Pam Bradford, CISA
First of America/
National City Bank Corp.
Bbradfor@ccm.tds.net

CISA Coordinator

Michael Sekoni, CISA
Michigan Farm Bureau
casa-2@rain.net

Board Member at Large

Jamie Depuydt, CISA, CBA
Steelcase, Inc.
jdepuydt@steelcase.com

Past President

Robert Gines, CIA
Novartis, Inc.
bob.gines@gerber.novartis.com

Newsletter Editor

M. B. Grinwis, CISA, CDP
Jackson National Life Ins.
michael.grinwis@jnli.com

Congratulations to our new Officers and Board members!!!

Bits and Bytes

- ✓ CNN reported in July that a custom-built computer, costing \$225,000.00 (US) was able to break the DES algorithm in just under three days! Electronic Frontier foundation, a San Francisco-based nonprofit civil liberties group won \$10,000 from RSA Data Security, Inc. (San Mateo, CA) for its efforts. John Gilmore, a director for the foundation, was quoted as stating that "EFF has proved what has been argued by scientist for 20 years -- that DES can be cracked quickly and inexpensively. If a small nonprofit can crack DES, your competitors can, too." Food for thought when talking security with senior management
- ✓ A Gartner Group survey released on 8/8/98 states that of 15,000 businesses in 87 countries, 23%, or 3,450 businesses have yet to begin ANY work on the Year 2000 problem. And of those 3,450, 10% will experience system failures which will last longer than 3 days. The survey further finds that 80% of these 3,450 are small companies!
- ✓ The latest issue of SC Info Security News deals with Web Security and comes with a "white paper cover". The protected cover photo is of the LAPD web site following a hack attack. It's very interesting to see what type of "cyber terror" is going on out there folks. It is a thought provoking article that you should include in your "must reads".

1998 – 1999 Western Michigan Chapter Meeting Schedule

Here they are, folks! You're Important Dates for the 1998-99 Season. Make sure you mark you calendars early so you won't miss a meeting!

Wednesday, September 23, 1998 Topic: Year 2000	Duba's Restaurant I-96 & East Beltline, Grand Rapids
Tuesday, November 10, 1998 Topic: ATM Frame Relay	Duba's Restaurant I-96 & East Beltline, Grand Rapids
Tuesday, December 1, 1998 Topic: Imaging Technology	Duba's Restaurant I-96 & East Beltline, Grand Rapids
February 9–10, 1999 Spring Seminar — Topic: Windows NT	Kalamazoo Location to be announced
Wednesday, March 10, 1999 Topic: Internet Issues	Lansing Location to be announced
Wednesday, April 21, 1999 Topic: Penetration	Duba's Restaurant I-96 & East Beltline, Grand Rapids

SYMANTEC SPOTS FIRST JAVA VIRUS . . .

In a copyrighted story posted to the World Wide Web on August 19, 1998, **Symantec**, maker of the Peter Norton brand of antivirus software, said it has spotted the first Java virus. However, Java users should not be alarmed, the company said, because the virus, which was recently posted on a hacker Web site, isn't deliberately destructive and the security features in Java browsers make it unlikely the virus could infect a user's files.

The Java virus, said to be about 3,890 bytes in size, can replicate itself across any machine running the Java Virtual Machine, said Cary Nachenberg, chief researcher at Symantec's antivirus research center. It tries to search for Java class files, and when it finds them, it inserts itself into them.

"It does nothing intentionally malicious," said Nachenberg about the Java virus. The virus is the first of its kind in a cyberspace now populated with tens of thousands of different virus programs, many of them designed to be transported via Microsoft's mail program. "This one is parasitic, replicating in native Java class files."

However, he acknowledged the Java virus might be inadvertently capable of doing damage to Java class files because it can change the way the file handles error-checking and exception handling once it has been infected. Although Java browsers, which use a "sandbox" security method, should keep the virus from

infecting the user's drive, there is concern that Java virus writers may come up with more effective delivery methods to outwit the Java browser's security.

"This is clearly a fundamental new class of virus," he said. "It seems to be a kind of proof of concept, and we can expect to see more viruses of this type."

Symantec said it will have an antivirus update for the Java virus on its Web site Thursday at www.symantec.com for Norton AntiVirus software users who may be concerned. "At this point, though, this is not a major threat to users," Nachenberg emphasized.

Microsoft working on Windows 98 date rollover bug

Microsoft was very busy early in August attempting to patch the first reported bug in Windows 98. The "Calendar bug" reportedly throws the operating system's calendar off by one or two days if it is rebooted in the seconds before the date rollover.

The flaw was discovered by Bromley Computer Systems, a Shropshire, England, company that was using Prove It 2000 software to test for millennium compatibility. Microsoft said the flaw only affected systems if they were rebooted at the precise moment when a new year date is rolling over, on Dec. 31. However, the following Monday, Microsoft said the bug hits on any day, causing the Windows 98 calendar to jump forward two days, or back one day. "It can happen any night," a Microsoft representative said. Microsoft worked on a fix and planned to post it to the company's Windows Update Web site, the representative said.

Last week, Windows product manager Kim Akers rated the probability of the bug happening at "one in six million," and said the length of the rollover window varies, depending on the speed of the PC.

Although not a necessarily a show-stopper, the bug -- the first confirmed flaw of Windows 98 -- was another reason for users to question the OS upgrade. Many users have reported installation and upgrade problems since the operating system was released June 25.

"It's the level of complexity in today's software. Probably no one at Microsoft ever even tried booting the software at midnight," said Michael Gartenberg, an analyst at the Gartner Group, in Stamford, Conn.

"Actually, it says Microsoft is doing a decent job, because if this is the first serious bug people are encountering, Microsoft has released a pretty stable operating system," Gartenberg said. "There's such a level of complexity these days that it is unrealistic for any user to expect any vendor to do that complete a job of testing. That's why in many instances that job falls to users."

A package of updates to Windows 98, mostly multimedia enhancements, now is in beta testing. It is unclear whether the package will include the date rollover bug fix.

The deadline for submissions for the next Newsletter is Friday, October 16th, 1998!

From the Jobs Folder



As a service to the membership of the *Western Michigan Chapter of the ISACA*, Chapter members may place ads for IS Audit and Information Security position openings within their respective company in the Chapter **Jobs Folder**. Notices of additions to the Jobs Folder will be placed in the newsletter for the information of other members. The *Western Michigan Chapter* is **not** responsible for the content of these postings, nor does it endorse any specific position opening. — *Ed.*

Senior IS Audit — Jackson National Life Insurance Company, Lansing, MI.



Jackson National Life, a subsidiary of the Prudential plc of England, has an exciting opening for an experienced Senior Information Systems Auditor in their growing Internal Audit department. This position is responsible for conducting information system (“IS”) audits to assess the adequacy of the IS control environment with limited supervision; providing control consulting to system design and conversion projects, assisting the Senior and Staff auditors to ensure that IS audit issues are addressed in all operational audits conducted, and assist in the development of automated audit routines.

A Bachelor’s degree is required, with a major in computer science and/or accounting preferred. Minimum of five years of insurance industry experience with 1–2 years IS Audit experience preferred. Demonstrable ability to handle multiple audits/projects concurrently and to convey/discuss technical control concepts and information to “laypersons” is required. A CISA certification is desirable, but not required.

Interested parties should contact either Carolyn Raitt, Human Resources Consultant, at 517 / 669–8829 or Michael Grinwis, CISA, CDP, at 517 / 367–3908. Jackson National is an EOE.

Information Security Specialist



Michigan National, a member of National Australia Bank Group, a \$200 billion worldwide organization, has an excellent opportunity for an Information Security specialist at our Lansing facility. In this position you will monitor, evaluate, and maintain logon accounts and passwords, perform periodic analysis of access rights to computerized bank information and security controls, and identify and respond to potential threats and security violations.

The preferred candidate will have a bachelor’s degree preferably in Computer Science or Business Administration and 1-3 years of related experience. RACF security experience is preferred as well as knowledge of TSO/ISPF, JCL and SAS. Join one of Michigan’s premier banking institutions. We offer an excellent compensation package. Please forward your resume in confidence to:

Michigan National Corporation, Human Resources, AB/ISS, 4300 West Saginaw, Lansing, Michigan 48917. Fax your resume to: (517) 323-5676 We promote a drug-free work environment. Substance abuse testing is part of the pre-employment process. An Equal Opportunity/Affirmative Action Employer

WHAT'S HAPPENING IN THE IS AUDIT JOB MARKET

A Quarterly Report from Gerry Meyers & Associates

SUPPLY & DEMAND

The demand for IS auditors continues to grow. For example, let's look at the Chicago area market which shows the following data for open IS auditor positions:

<u>Date</u>	<u># of Companies</u>	<u>Staff</u>	<u>Sr.</u>	<u>Mgr.</u>	<u>Total</u>
9/ 1/ 96	10	3	12	3	18
7/ 1/ 97	16	3	17	4	24
7/ 1/ 98	20	1	22	7	30

TRENDS

Seniors and Managers — More senior and manager IS audit positions continue to open nation-wide, while the lower staff positions seem to be reducing. Everyone still wants experienced seniors to get their audits completed as quickly as possible.

Job Requirements Relaxed — It is much easier to make senior than it was several years ago. Today, an IS auditor can get hired as a senior with 2 or less years of experience. The years of experience required for managers is also being reduced by some companies.

Bonus versus Salary — Some companies now offer reduced salaries and possible large bonuses. The bonus paid usually depends on a company's profit and an individual's job performance. This is fine if you perform well and your company is making a good profit, but what happens if your company does not make a profit? Sounds like the old reward versus risk situation to us.

Y2K heats up! — With less than 18 months to go to the year 2000, pressure to ensure companies remain operational is mounting. Request for audit consultants with Y2K experience are on the increase. Some companies want an IS audit consultant on site full time to the year 2000.

Y2K Testing Seminar — The Quality Assurance Institute is now offering a seminar for testing Y2K to ISACA and IIA chapters. Call Mike Pregmon, QAI's Executive Director, at 407-363-1111 to set it up for your chapter or to obtain information about seminars already scheduled.

Best Wishes and see you next Quarter!

Gerry is owner of Gerry Meyers and Associates, Inc. and IS Audit Consultants. He is a Past President of the Chicago ISACA and the Central Ohio ISACA Chapters; he was also International President of ISACA and President of the ISAC Foundation for Education and Research.

Visit Gerry's web-site at "<http://www.isaudit.com>"

**IMPORTANT!!
DATED INFORMATION!!!**

*Western Michigan Chapter
ISACA Meeting Announcement
INSIDE!*



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Western Michigan Chapter
6821 Roanoke Way
Lansing, MI 48917-9698