

≡≡≡ **CONTROL BITS**

≡≡≡ AND

≡≡≡ **AUDIT BYTES**

Western Michigan *INFORMATION SYSTEMS AUDIT AND CONTROL ASSOCIATION* Newsletter

MARCH / APRIL 2000 NEWSLETTER

Presidents Message

Greetings!

We are closing in on another season of ISACA. For those of you that attended the March session on Intrusion Detection, you received some excellent information. The handouts that you received the following day should be a valuable resource for your audits and consultations. The attendance from the Lansing contingency was quite impressive; the highest of the year! (A challenge for Grand Rapids next year?)

Our E-Commerce seminar, scheduled for the Tuesday and Wednesday following Easter is filling fast. As of last week, only four seats were still available. This program, as previously mentioned, is offered at a very reasonable price, and will be an excellent resource if you will be involved with an E-Commerce project during the next year. I look forward to seeing many of you there.

Please take a few minutes to complete the election ballot described within. Although many of the positions are uncontested, and many of the individuals you may not know, they deserve your vote of confidence. The individuals before you on the ballot are quality people. If elected, I'm confident they will provide the leadership and creativity to offer programs next year that you will not want to miss. Thank you nominees, for agreeing to serve!

Until next time,

John R. Arens

Chapter President



*Information Systems
Audit and Control
Association*

Information Systems Audit and
Control Association
Western Michigan Chapter

2000/2001 ELECTIONS
for
Board Membership

The following nominations are up for your vote!
(or you can "write in" other willing members as well)

Nominations have been determined for the
following Board of Directors Positions

President:

Rick Cummings, CISA - Jackson National Insurance

Vice President:

James Green, CISA - Arthur Andersen

Secretary:

John Blair, - Steelcase Inc.

Treasurer:

Pam Bradford, CISA - National City

CISA Coordinator:

Michael Sekoni, CISA - Accident Fund

*We would like to thank the following member Volunteers have who have
agreed to fill supporting positions for the next season:*

Member at Large - Kim Coyer

Newsletter Editor - Rick Cummings

Next Years Lansing Meeting Coordination - Kathy Smith

Web Development and Maintenance - John Blair

Voting Instruction on Next Page

Please follow the instructions to place your vote for the
2000/2001 Board of Directors:

Two options for placing your votes:

E-mail AND Postal Mail (Choose one)

Email:

Send your selections to Michael Grinwis via email by cutting the below and pasting it into your email and deleting your "non" choices (yes, no, other)

President:

Rick Cummings Yes No Other _____

Vice President:

James Green Yes No Other _____

Secretary:

John Blair Yes No Other _____

Treasurer:

Pam Bradford Yes No Other _____

CISA Coordinator:

Michael Sekoni Yes No Other _____

Send to: Michael.grinwis@jnli.com

Postal:

You will also receive a post card in the mail with the nominees listed. Please indicate on the card a yes, no or other (Write In) and mail back to:

**Michael Grinwis
Jackson National Life Insurance
5901 Executive Dr. Mailstop S-52
Lansing, MI 48911**

**VOTES MUST BE RECEIVED NO LATER THAN APRIL 21, 2000
RESULTS WILL BE ANNOUNCED AT THE SPRING SEMINAR
AND IN THE NEXT ISSUE OF THE NEWSLETTER!**



Spring Seminar



Audit, Control & Security of Electronic Commerce

**** REMINDER ****

Pertinent Information

When: Tuesday April 25,2000 and Wednesday April 26,2000

Where: National City, Kalamazoo, Michigan

Cost: \$250 for ISACA members

\$250 each for 3 attendees from the same company

\$275 for Members of IIA, AITP, AICPA CISSP & Other Professional Associations

\$300 for non-members

CPE'S: 15 CPE credits

**An Official Reservation Form Has Been Mailed
(Also available at our web site in PDF Format)**

<http://www.iserv.net/~wmisaca/April2000Seminar.pdf>

Reservations will be accepted through April 17, 2000

IT'S FIRST COME, FIRST SERVED

ONLY 4 SEATS AVAILABLE

SO ACT NOW



As seen in the media . . .

A rather UN-scientific approach to finding meaningful information from the “gigatons” of electronic and printed material that intrudes into our lives . . . and occasionally worthy of dropping a copy onto a co-worker’s or manager’s desk! Here are some of the latest “discoveries” . . .



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“ Why Risk It?”

ComputerWorld, March 6, 2000 — pg. 94

★★★★★
www.computerworld.com

- ⇒ Japan’s Defense Agency pulled the plug on a new network linking army bases the end of February, after discovering that the software was written by members of a doomsday cult. If you think that’s bad, just wait! Five contract software companies run by members of the Aum Shinri Kyo (“supreme truth”) cult also wrote code for government agencies overseeing education, construction, the post office, and the telephone system — as well as for hundreds of corporate customers! Here at home, the FAA is running after-the-fact background checks on dozens of Chinese, Pakistani, Ukrainian, British, and Ethiopian programmers who worked on it’s Y2K fixes. Outsourcing at it’s worst? Nope. Are things really that bad? Yep, according to the author.

“ Email Woes”

SC Magazine, March, 2000 — Cover story

★★★★★
www.infosecnews.com

- | “Enterprises around the globe are depending on the Internet more frequently to engage in everyday business affairs. Yet, it is prevailing as the least secure of a company’s technological advances . . . and a hacker’s dream.” So goes the into this interesting discussion of the system which everyone uses, but no one can quite come to grips with. According to the author, there’s a myriad of problems afoot with e-mail, and he cites some interesting examples. Internet book-seller and ISP, Alibris, who last year reportedly had to pay a \$250,000 federal fine for intercepting a competitor’s (Amazon.com) email traffic. They were also charged with unauthorized possession of passwords, and were allegedly intercepting Amazon’s email orders in order to gain a competitive advantage for their on-line book business. Under liability, the author cites a recent *Wall Street Journal* article which reported that the *New York Times* fired 20 employees for sending inappropriate and offensive email.

“ Intel readying security spec for notebook PCs”

PCWeek, March 6, 2000,

★★★★★
www.pcweek.com

- ⇒ Intel Corp. plans to announce a new security architecture designed to make stolen notebooks “as useful as bricks”. A new pre-boot security method, based on IPAA (Intel Protected Access Architecture) will integrate a fingerprint reader or other biometric device, a USB (Universal Serial Bus) token or key, smart card, or other authentication device and supporting software, which will require the user to “authenticate” himself or herself to the PC. Once verified, the password-protected hard drive will supposedly automatically unlock, and the computer will boot up. There is also an option to allow remote access to network administrators. Intel is working with mobile PC manufacturers, BIOS vendors, and makers of security hardware devices to develop the security system. Intel will demonstrate IPAA at the Mobile Insights conference March 6-8, at Palm Desert, CA., on a NEC Corp notebook featuring a Veridicom Inc. fingerprint reader. Expect production laptop PCs with this technology around early 2001.

Quick Bits - Cont.

by Michael Grinwis

" You've Got (DIRTY) Mail"

ComputerWorld, March 13, 2000, pp. 72-73

★★★★

www.computerworld.com

E-mail continues to be the bane of most IT managers, with new viruses piggy-backing onto messages that don't track through up-to-date virus scanners and other more objectionable materials being sent back and forth. What to do? Monitor! But how do you do it and not bury yourself in the process? Christopher Lindquist offers a short, but purposeful 2-page read on things IT can do to monitor e-mail *without* digging themselves into more problems. If you have some concerns about how "safe" your e-mail is, give this article a look. There's also a sidebar at the end listing some of the newer scanner packages.



Taking a hint from "Men in Black", its somewhat surprising what actual tidbits of truth come from the "gossip columns" of the IT world. Here's some of the latest "chaff":

- ☺ Dell's infamous customer service has struck again!. In this latest episode, a customer called to check on the status of a hard drive he had ordered. The rep said the delay was the problem of the courier, and provided an 800-number to call. The number was for a porno party line. The search for the hard drive continues . . .
- ☺ Boss tells ITer a new IT Auditor has asked for information about the company's system security. ITer is supposed to fill in the blanks for the auditor. Whoa, says ITer. Do we know who this guy is? Why should we tell him anything? Good point says Boss. Boss checks out auditor, who turns out okay. Congrats, says auditor. Seems no one else in the entire company had questioned the legitimacy of auditor's request. ITer now bugged because Boss never admitted that it was ITer who questioned request in the first place. No longer worried about what the auditor knows. Just hoping the Boss remembers who made her look good . . .
- ☺ Cap Gemini has acquired the management consulting arm of Ernst & Young. And the winner is . . . ?
- ☺ And if you think YOU'VE had a bad month, consider the latest fate of the Academy of Motion Picture Arts and Sciences, a.k.a. the group that gives out the annual "Oscar" awards. You heard about the ballot snafu in February. Now, the statuettes themselves were stolen from a MAJOR shipping line's Chicago loading dock, only to be found a week later in a dumpster some 15 BLOCKS away. Can we say "Inventory Tracking Review time" boys and girls . . . ?

The "STAR" guide: ★★★★ = Too good not to pass on! ★★ = Good stuff — it helps
 ★★★ = Better than expected! ★ = Worth noting

Audit Sources

Following are some more ideas to "help" you, the professional internal auditor. This newsletter is also posted on our web site <http://www.auditservices.com/helpers.html> if you are having difficulties accessing the web pages directly from this email.

Have a nice day. Let us know if we can be of any help.

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AUDIT EVIDENCE

Do your audit programs require that appropriate audit evidence be obtained?

What are the standards for audit evidence? What are the various types of available audit evidence? What techniques can be used to gather audit evidence? Know the difference between tracing and vouching?

Check your answers at www.auditservices.com/aevidence.html

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ASSESSING RISK - continued

What are some possible risk consequences? To get a "kick-start" in developing your own list of consequences go to www.auditservices.com/rconsequences.html

Doing an audit of your marketing operations and need some ideas on where some potential risks may exist? Start with listing www.auditservices.com/mktgrisks.html

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QUALITY ASSURANCE/PEER REVIEW - continued

What should the objectives be of a Quality Assurance/Peer Review? For a general overview go to:

www.auditservices.com/qarobj.html

Do a self evaluation of the skills of your staff. Find a Skills Checklist at:

www.auditservices.com/qarskills.html

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AUDITING THE INTERNET, E-BUSINESS

Know the differences between Internet, Intranet, Extranet? Understand network connections? What is a firewall? What are some reasons for having a firewall? Where should a firewall be placed?

Go to www.auditservices.com/ebus.html for some answers.

Also, visit our web page describing our seminar, Auditing the Connected Organization at

www.auditservices.com/itaudit.html

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CONSTRUCTION AUDITING

What are some of the concerns you should have when auditing the construction contractor? Go to www.auditservices.com/contractor.html for a partial list of some questions to ask (compliments of Ridge Miller of Kruse & Associates, PC).

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CERTIFIED INTERNAL AUDITOR EXAM

See if a CIA Review Course is scheduled in your area - for a list of sites by city go to

www.auditservices.com/ciasch.html. Also, try our CIA test help site at:

<http://www.auditservices.com/ciatest.html>

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The difference between education and experience? Education is what you get from reading the small print. Experience is what you get from NOT reading the small print.

Have a nice day,

Roger

www.auditservices.com



INTERNATIONAL NEWS

A Recap of ISACA events from the ISACA WEB site

Dear Chapters:

A press release about ISACA's newest research project, E-commerce-A Global Survey, can be found at <http://www.isaca.org/precomm2.htm>. ISACA invites Chapter participation in the publicizing of ISACA projects. Please feel free to revise the press release to include Chapter contact name and information if desired. We'd like you to advertise it in chapter newsletters and meetings and make it available for members to submit to their company newsletters. Also, please submit it to as many outlets as feasible, i.e. local papers, magazines. Please send an e-mail to research@isaca.org with the date and publication name of any outlet that runs the article. Thank you for your help in publicizing this important research project. Future updates and news releases will be forwarded as they become available. You may also look to the ISACA web site http://www.isaca.org/res_proj.htm As this is a joint project, Deloitte & Touche may be promoting the study on their own around the world.

For future reference, we are also very interested in collecting names in each Chapter that would serve the role as Project Coordinators. If your Chapter has someone that could serve in that role, please let us know at research@isaca.org.

Sincerely,
Linda Wogelius
Research Assistant
IS Audit and Control Association

North America CACS 2000

The final brochure for the North America CACS conference, 7-11 May in Dallas, Texas, USA, was recently mailed. However, because many of you may be awaiting that information to make plans and because we do not want you to be inconvenienced by mail delays, the entire brochure is immediately available from ISACA's web site at <http://www.isaca.org/nacacs2000.htm>. If you do not have access to the web or would like to receive the brochure via fax, please e-mail ISACA's conference department at conference@isaca.org or call them at +1.847.590.7472. Whether you acquire it by mail, web or fax, the brochure will provide you specific information on the program, the wide variety of first-class speakers, CPE hours, registration details and the special social event. Registration is brisk. To register now and ensure your place at this world-class event, please visit <http://www.isaca.org/nacacs2000x.htm>.

North America CACS 2000 Keynote Speaker

ISACA is pleased to announce a new keynote speaker for the 30th annual North America CACS 2000 conference: Mr. Raymond T. (Ray) Edwards, SMTS Emeritus, Director of Technology, Information Technology Systems, Texas Instruments. He and the group he leads are responsible for setting the technology direction and architecture planning for information technology at TI. Most recently Mr. Edwards has been responsible for all infrastructure (hardware, middleware, networking, etc.) for TI's Open Business Information Systems (OBIS) program. This was the first program known to have implemented SAP within a major corporation all at one time on a worldwide basis. Mr. Edwards replaces Pallab Chatterjee who has recently left Texas Instruments.

With anticipated attendance approaching 1000 delegates, time and space are quickly running out. To avoid disappointment, make your plans now to join colleagues from around the world 7-11 May in Dallas Texas, USA. North America CACS 2000 is a cost-effective educational opportunity you will not want to miss. To secure your place at this exciting world-class conference, visit our web site <http://www.isaca.org/nacacs2000x.htm> and register now!

The North America CACS web site (<http://www.isaca.org/nacacs2000.htm>) will provide you with specific information on the program, the wide variety of first-class speakers, CPE hours, registration details and special social event. If you do not have access to the web or would like to receive the brochure via fax, please e-mail ISACA's conference department at conference@isaca.org or call them at +1.847.590.7472.

We look forward to seeing you in Dallas!
Robert M. Abramson
Director of Marketing



Other Chapter News and Announcements

CISA CERTIFICATION UPDATE

2000 CISA Examination Bulletin of Information

Examination Date: Saturday, 10 June 2000

For additional Information

<http://www.isaca.org/exam2.htm>

or

certification@isaca.org.

GREATER CINCINNATI CHAPTER, ISACA

April Seminar

Seminar: Audit and Security of Oracle Client Server Databases
Date: April 13 & 14 8:00 – 4:30
Location: Holiday Inn I-275 (Northern outer loop near Sharonville)
Fee: \$475
Instructor: Ms. Betty Dorsey, Senior Consultant MIS Training

To register, please fill out the attached registration form and mail to:

Greater Cincinnati Chapter, ISACA
P.O. Box 1744
Cincinnati, OH 45201

DETROIT IIA/ISACA SPRING CONFERENCE 2000

The ISACA Programs Committee has been working together with representatives from the Detroit Chapter IIA to offer our memberships a high quality low cost training opportunity. The matrix noted in the web site and DataByte presents the topics and dates for the sessions.

A variety of session lengths from 1 day to 3 days will be available depending upon the topic. Similar to the ISACA Great Lakes Audit Conferences presented in the past, the venue will be the Lyon Meadows Conference Center at 53200 Grand River Ave. in New Hudson, MI. That's just west of Novi. Detroit members should have received a program brochure by now. If you have not received the information, please contact the ISACA Program chairman Ray Kaslik. His e-mail address is RAY.KASLIK@MCNENERGY.COM, his phone is 313-256-5155. Look for additional information on the ISACA Detroit Chapter website.

(<http://www.isaca-det.org/seminars.htm>)



Members On The Move!

Recent Openings:

Senior Information Technology Auditor Comerica Incorporated

Comerica, Michigan's oldest financial institution, is currently seeking candidates to fill an Information Technology (IT) Auditor position at our Auburn Hills Operation Center. The selected candidate will plan and execute technical and general controls audits, monitor systems conversions as well as perform various other consulting assignments.

Minimum qualifications include: three years of information technology audit experience; Bachelor's degree with emphasis in computer science, information systems or related field; experience supervising others on a project basis; strong written and verbal communication skills; and strong analytical, organizational and interpersonal skills. Professional certification, CISA or CISSP is preferred.

Comerica operates a multi-platform environment, including Novell Netware, Microsoft Windows 95/NT, IBM AIX and OS/390, HP-UNIX, Sun Solaris, Unisys, and Tandem. Comerica offers a competitive salary and comprehensive benefits package that includes 401(k), incentive and tuition reimbursement plans. **Resumes can be submitted to Sylvia Carter-Smith, Senior Human Resource Representative, P.O. Box 75000, Mail Code 3119, Detroit, MI 48275-3119, or via e-mail sylvia_d_carter-smith@comerica.com.**

Fortune 100 process company in the Midwest

Title: Director, Information Systems - Business Processes & Financial Analysis

Job Function:

The Director, Information Systems (IS Director) for the Business Processes & Financial Analysis Department (BPFA) is responsible for planning, performing, and supervising Business Reviews of information systems, including planning, oversight, and internal control assessment for the entire organization/enterprise.

Essential Duties and Responsibilities:

As responsible for Business Reviews of information systems, the IS Director position presents the following non all-inclusive duties and responsibilities:

- On-site IS Business Reviews, These activities include assisting in the development and implementation of policies, procedures, and controls associated with conducting risk-focused reviews of the organization/enterprise systems. The IS Director determines staffing requirements for the review, including necessary analytical/review skills, staffing level, and composition of the review team. The Director assists in identifying the objectives for the review, identifies Business Reviews standards, and prepares an annual business review plan.
- Field work supervision, including assignment of responsibilities and formulation of work plans to assure timely and effective completion of reviews. The IS Director reviews workpapers, the review report of the reviews, and presents observations, recommendations, and conclusions to the Operating Companies (OCs) management.
- Networking responsibilities. The IS Director develops and maintains contacts with professional associations, industry associations, government regulatory agencies, and private sector firms to enhance competency and to ensure effectiveness of information systems reviews.
- Project Assistance. Participation on the design and development of projects aimed to monitor the condition and performance of the OCs information systems and technology risk management. The Director participates in technical analyses, including periodic reports and special studies on the financial and technological condition and performance of the OCs information systems and technology operations.

Additionally, the IS Director identifies trends and developments in the information systems and technology affecting the OCs information systems technology strategic directions.

Reporting Relationships:

This position reports to the Director In-Charge, Business Processes & Financial Analysis.

Continued:

Director, Information Systems - Business Processes & Financial Analysis

Supervisor For:

This position will supervise the IS Team of Business Processes & Financial Analysis, which consists of 2 managers and 3-6 Senior Associates and Associates, In addition, the Director manages on-going co-sourcing relationship and supervises co-sourcing staff as engaged.

Up to 40% travel to outside locations (US domestic and international). Assignments may change with little advance notice. The Business Processes & Financial Analysis department deals with sensitive company information. This position involves working directly with middle and upper management throughout the Company, from Corporate offices to remote food processing and related plants/facilities. Requires outstanding interpersonal skills to secure cooperation without direct authority. A service attitude/orientation is important. Excellent written and oral communication skills are important. Must exercise critical independent judgment and make decisions based on rational analysis of data. Must seek out and probe for necessary information at times. Attention to risks/exposures **and controls are important.**

Qualifications:

- BSCS or equivalent (MS/MBA preferred).
- Certified Information Systems Auditor (CISA) certification and/or related employment experience.
- Combined 10+ years of Finance and IS management experience.
- Strong recruiting and retention experience.

Knowledge, Skills and Abilities Required:

The IS Director is required to possess a solid IS background accompanied by strong managerial and leadership skills:

- Significant and progressively more responsible experience in information systems auditing, consulting, preferably applied to the operations of and food industries. The IS Director must demonstrate knowledge of complex and sophisticated information systems.
- Leadership experience, including the planning, organizing, and control of reviews and special projects. The Director should demonstrate the ability to scope, plan, and administer projects of significant complexity and diversity pertaining to information systems. Skills should include ability to plan, organize, assign, and monitor work of subordinate staff.
- Strong communications and interpersonal skills. The ability to communicate clearly and concisely in oral, written, and presentation formats is essential to develop and maintain an understanding of the information systems and results of our Business Reviews among all interested parties. Well-developed interpersonal skills together with strong coaching and mentoring skills are necessary to interact effectively with enterprise executives, as well as BP&FA staff, supervisors, and subordinate staff, including contract employees.

Send resume to:

Nick Kondratick

President

nk2k.com

president@nk2k.com



*Information Systems
Audit and Control
Association*

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— ***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*.

The deadline for submissions for the next Newsletter is Monday, May 1, 2000!

