

Control Bits & Audit Bytes

Western Michigan *INFORMATION SYSTEMS AUDIT AND CONTROL ASSOCIATION* Newsletter

SEPTEMBER 2000 NEWSLETTER

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Presidents Message

Greetings Members,

Another chapter season is upon us and we hope to have as successful year as last. Although we have got off to slow start with finding speakers for the Dinner programs for September through December, things are beginning to fall in place. We will be getting the schedule for the remainder of the chapter year very soon. As we noted in the last newsletter this past summer, the chapter had a very good year breaking many attendance records for the dinner meetings and had an outstanding turnout for the seminar. This has in turn, put the chapter in a very favorable position to offer high quality speakers for future meetings and to provide some benefits back to the membership for their support of the chapter.

Our acknowledgement of our members begins with our December meeting, which we will be offering a free dinner to those who have attended at least 2 of the past three meeting prior to December. We are also celebrating the accomplishments of our new CISA's which will also be invited for a free dinner and recognition from the chapter. The December meeting details are being worked out by Jim Green, Vice President—Programs and Michael Sekoni, CISA Coordinator. Keep a look out for more details!!!!

Want to share or discuss information with your peers in the chapter. Michael Sekoni has set up a "ListServe" capability that now allow you to send emails to the chapter membership under a "group address". The board will be using this capability for disseminating Dinner announcements, Newsletters and other information of importance. If you have any question on the use of the Group Distribution capability, contact Michael Sekoni as the list administrator.

Lastly, we had some technical difficulties with the WEB site this summer, however, those have been resolved, and the information is currently being updated. Future newsletters, and the Dinner venues will be posted on the WEB. Also check out the many links for additional information related to our profession.

Welcome to the new year and look forward to seeing you all at the meetings.

Rick Cummings

December Dinner Meeting WMISACA Thanks its Members

Its on us!! Join us at two of the three dinner meetings from September through November and your dinner and venue will be free! Be sure to make the October and November Meetings at Duba's Restaurant, Grand Rapids.

The Chapter will also be congratulating those members who have received there CISA in the past year also at the December meeting. More information will be forth coming on both these events in December.

October 11, 2000
Monthly Dinner Meeting
Duba's Restaurant, Grand Rapids

CONTINUOUS AUDITING:

A NEW APPROACH TO IS AUDIT

By: *Sander Wechsler, CISA*

Business moves at the speed of light so why shouldn't auditors? The prevalence of technology in all facets of business and the need for auditors to provide more timely assurance is increasing the demand on audit organizations to provide information on a timely, almost instantaneous basis. This session focuses on providing an understanding of what continuous auditing is and how it can be implemented by audit organizations.

Sander S. Wechsler, CPA, CISA, is a Senior Manager in the Information Systems Audit Practice of BDO Seidman, LLP. He has over 10 years of technology based audit experience. He has significant knowledge and experience in the audit, control and security of enterprise resource planning application software. Additionally, Mr. Wechsler has performed multiple reviews of various eCommerce implementations as well as provided consulting services on the strategic, operational and control issues associated with these systems. Mr. Wechsler is also involved as a practice leader for BDO Seidman, LLP's SysTrust service. This service provides entities with consulting and assurance services on the design and operation of controls in critical information systems. He is currently a member of the American Institute of Certified Public Accountant's SysTrust Task Force and the Continuous SysTrust Task Force. Sander is also a member of the Information Systems Audit and Control Association's Standards Board.

Please make your reservation now!

Call John Blair and make your reservation today!! **(616) 246-4730**

OR e-mail John at **jblair2@steelcase.com**

5:00 5:30	Social Hour / Registration
5:30 6:30	Presentation
6:30 7:30	Dinner

QUICK BITS

by M. B. Grinwis

As seen in the media . . .

A very UN-scientific approach to gathering meaningful information from the “giga-tons” of electronic and printed material that intrudes into our lives . . . and is occasionally actually worth-while! Here are some of the latest “discoveries” . . .



“SUN Admits To Memory Problem”

★ ★ ★ ★

Computerworld, August 28, 2000 – Cover, pg. 14

www.computerworld.com

- For those of you with Sun boxes, this may not be a major discovery, but it appears that Sun has finally admitted to its rather dubious internal dealings in trying to resolve a memory component problem that has plagued the mid-range systems maker these past few months. The problem involves an external memory cache on Sun’s UltraSPARC II microprocessor module, and has been bugging the computer maker on “a few dozen” of its Ultra Enterprise servers for almost a year. And to add that necessary component of mystery to this bug, Sun has been able to have many of those customers suffering from the problem sign a non-disclosure agreement, a Gartner Group analyst stated in this article. According to this analyst, this problem has existed for over 18 months! Meta Group has also gone on record stating that 8 out of 20 of it’s Sun-based customers have experienced memory-based problems “in the March–April time frame”. No single resolution appears to be the answer, with Sun stating that there are several factors to the problem. A Midwest manufacturing company user, speaking under terms of anonymity, said that as soon as they reported the issue to Sun, an entire new CPU module was delivered and replaced on their machine, and their data center was rearranged for the purpose of reducing the system temperatures. Results: the systems run at 10° to 15° (Fahrenheit) cooler, and the problem has not resurfaced.

“CEOs to CIOs: Get Strategic or Get the Boot”

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Computerworld e-News, September 5, 2000

www.computerworld.com

- Three CIO’s of U.S. organizations attending Computer Associates International Inc.’s CEO Retreat in Colorado Springs said that in the past few months, they have either redefined the roles of their CIO’s or just given them the boot for not embracing a more business-oriented strategy. One CEO, consulting his watch, said, “we replaced our CIO yesterday. The axe should have dropped on the old one, and the new one should have started by now.” So what IS the growing trend among CIOs? Many are eliminating the CIO, CTO, COO, and other titles and splitting the primary IT duties between two positions; one concerned with running the IT systems, the other responsible for integrating IT with business objectives. According to Giga Information Group Inc. analyst Peter McAteer, who triggered these responses with his presentation to the above group, said that information technology has become so fundamental to a business that IT management issues are too numerous and varied to be defined in a single role. The second trend, McAteer suggests any CEOs are becoming much more technically literate. McAteer also stated that, “CEO’s need to become more technically literate. Ultimately, they are th ones who make the [CIO-hiring] decisions, and if they make poor selections, which is suggested by the high turnover rate for CIOs, they have to take responsibility. Managing the culture is part of the CEO’s job.”

“Dow to Fire up to 40 More Employees for E-Mail Abuse”

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Computerworld, August 28, 2000 – Cover, pg. 14

www.computerworld.com

- Dow Chemical is getting tough on e-mail! The Midland-based company that made news earlier this year for firing 50 employees for transmitting pornographic e-mail are releasing another group in Freeport, TX, for what is called an unrelated case. This time, it was the complaints of fellow employees that triggered the investigation and subsequent firing. A spokesperson for the Dow said that these incidents have prompted the company to increase its efforts to communicate its e-mail policies to employees.

“Policing cyberspace”

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Computerworld, August 28, 2000 — Pg. 86

www.computerworld.com

- I must admit that I am becoming a fan of Frank Hayes’ column on “The Back Page” of *Computerworld*. He’s been getting into some very interesting, timely, and thought-provoking material worthy of a few minutes of your time. In this issue, he takes a look at what one might at first call “cyberspace vigilantes” — those people who act quickly on some issue or event that occurs on the Internet, specifically the Enterprise Virus Alert Community (EVAC). But a little digging proves that understanding the nature and purpose of these groups is far more critical to IT shops than one would think. Persons working together, outside of their respective companies, now pose potential legal problems for their businesses, i.e. what if e-mail administrators at two competing businesses share virus information directly? Does that run afoul of antitrust laws? Timely fodder for the continuing e-mail usage debate. Give it a read!

The “STAR” guide:

☆☆☆☆ = Too good not to pass on!
☆☆ = Good stuff — it helps

☆☆☆ = Better than expected!
☆ = Worth noting

Taking a hint from “Men in Black”, its somewhat surprising what truthful tidbits can be obtained from the “gossip columns” of the IT world. Here’s some of the latest “chaff” . .

- ☺ Plug chip A into socket LZ211Av3iiLNI#23 — A systems analyst mail-orders a not new PC for his own use. When it arrives, he opens up the case to find the 933MHz Pentium III chip just swinging free, dangling by its fan cord. He sends it back for rebuilding and calls a few days later for a status report. The service rep tells him they’ve found the problem . . the CPU wasn’t *seated* correctly . . .
- ☺ And speaking of hot new chips, don’t grab your wallet so fast for a new PC running Intel’s new 1.13GHz Pentium III! Intel has recalled all copies of the chip, stating that there is a fault with the internal math processor! We don’t know how much of a problem this is, but one undisclosed big-name PC manufacturer is said to have had to freeze one production line and get a couple hundred (+) machines back from some rather surprised owners. . .
- ☺ The Unix/Linux division is getting more smeared as the Santa Cruz Operation (SCO) announced the tentative sale of its Unix server software and professional services divisions to Linux provider Caldera Systems, Inc. While Caldera attempts to keep a positive spin on the deal, users of both systems are calling for Orem, Utah-based Caldera to keep both lines separate. Will it work? . . .

Internal Audit "Helpers" Newsletter from Audit Services

Following are some more ideas to "help" you, the professional internal auditor. Just in case you have difficulties accessing the web pages directly from this email, we have posted this newsletter on our web site at:
www.auditservices.com/helpers.html

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

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AUDIT TESTS

When developing audit tests be sure to consider the techniques and rules relative to gathering audit evidence (www.auditservices.com/aevidence.html).

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AUDITING THE INTERNET, E - BUSINESS/COMMERCE

Are you auditing network devices for appropriateness, security and management control? Go to www.auditservices.com/itrou.html for some suggestions on auditing routers.

We can customize our IT Auditing seminar to enable you to perform an internet audit. Recently, we transferred the necessary knowledge and skill sets to an internal audit staff to permit them to audit organizational web sites and related internet issues. We will be glad to share with you the particulars of this experience. Our IT Auditing Seminar outline can be found at www.auditservices.com/itout.html

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SAMPLING

Trying to decide whether to use statistical or judgmental sampling plans on the next audit? To assist in the decision, www.auditservices.com/ssdecide.html

What considerations should be given to the audit sampling plans if a nonstatistical sampling approach is going to be used (www.auditservices.com/ssnonss.html)?

If interested in learning more about sampling, statistical and nonstatistical, consider our one day sampling seminar (outline is at www.auditservices.com/ssindex.html).

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ANALYTICS

Do you use "Analytics" on your audits? "Analytics" - one of the most powerful tools you can have in your internal audit tool box! For some information on Analytical Review/Audit Procedures see www.auditservices.com/arp.html

One analytical approach you can use is Regression Analysis. This "analytic" will help you to make predictions (www.auditservices.com/arpra.html).

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INTERNAL CONTROLS

The "eight key elements" of internal controls are? Compare your answers to those listed at (www.auditservices.com/icelem.html).

What are some of the primary concerns of internal auditors when auditing internal controls? How about the functions of management when evaluating internal controls? For some ideas and considerations, go to www.auditservices.com/icaudit.html.

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LISTENING SKILLS

Are you a good listener? Test yourself at www.auditservices.com/listen.html

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CONTROL ENVIRONMENT

When auditing the control environment consideration must be given to evaluating executive management. What does your executive management evaluation take into consideration? For some evaluation ideas, www.auditservices.com/ceexec.html

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CRSA (Control Risk Self Assessment)

Thinking about implementing CRSA in your organization? To assist in identifying some of the responsibilities of the auditor participating as the "facilitator" of the CRSA process go to www.auditservices.com/crsafac.html

What's Happening In The IS Audit Job Market?

A 3rd Quarter, 2000, Report by Gerry Meyers

Supply and Demand:

The demand for IS Auditors declined the first nine months of this year. Although the hiring supply and demand is very cyclical, the annual spring slack off lasted much longer this year than previous years. Experienced Seniors are still somewhat in demand, but the need for Managers has slowed except for a few isolated locations.

Reasons for Hiring Slowdown:

- The tremendous audit demand for Y2K work is over. IS Auditors who spent last year working on these projects have now been freed up to go back to regular IS audit work. Except for those who were quickly reassigned to traditional audit roles, the situation created a surplus. In any case, this precluded hiring new auditors until attrition or other causes eventually require it.
- Outsourcing and cosourcing certainly reduces internal audit staff. As long as CPA firms continue to provide better coverage than internal audit staffs, this trend will continue. Many of the CPA firms have talented experienced auditors who can see the big picture, provide best business practices reviews, and perform value added auditing. What CEO or CFO wouldn't contract a CPA firm that can find cost savings and also provide guidance in making their company operate more efficiently and profitably?

The Upside:

Every company is in or moving towards doing business on the Internet. IS Auditors with skills in these areas will be in demand to review and recommend controls.

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 website at www.isaudit.com today.

NEWS FROM Our Friends at IIA

LANSING CHAPTER *TENTATIVE MEETINGS SCHEDULE* 2000 – 2001

November 14, 2000

Breakfast Meeting

Managing Stress

John Suckow
Michigan Department of Consumer and Industry Services

December 19, 2000

Breakfast Meeting

Making Computer Assisted Auditing a Reality

Richard Lowe
Michigan Office of the State Budget

January 16, 2001

Breakfast Meeting

**System Development
Life Cycle**

David Flynn

February 20, 2001

Breakfast Meeting

Assessing Controls in Performance Audits

Elden Lamb
Michigan Office of the Auditor General

March 20, 2001

Breakfast Meeting

Working with Generation X Professionals

Marlo McCutcheon
Bee Tree Consulting Ltd.

April 17, 2001

Breakfast Meeting

Fraud Auditing

To be determined

May 15, 2001

Breakfast Meeting

Bringing the IIA Standards to Life

Kevin Mead
Institute of Internal Auditors

Final Words

All members have been added to the WMISACA distribution/discussion list.

This list is a forum for exchange of ideas, experiences and information related to our profession, association and audit tools and techniques. Please take advantage of this great feature

Michael Sekoni

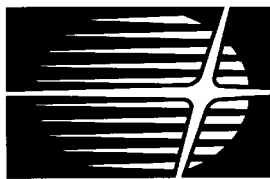
List Administrator

Don't forget to register for the October Dinner meeting. Remember, two out three meeting attended will earn you a free meeting in December!!! Call or email John Blair today!!!!

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, October 9 , 2000!



*Information Systems
Audit and Control
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