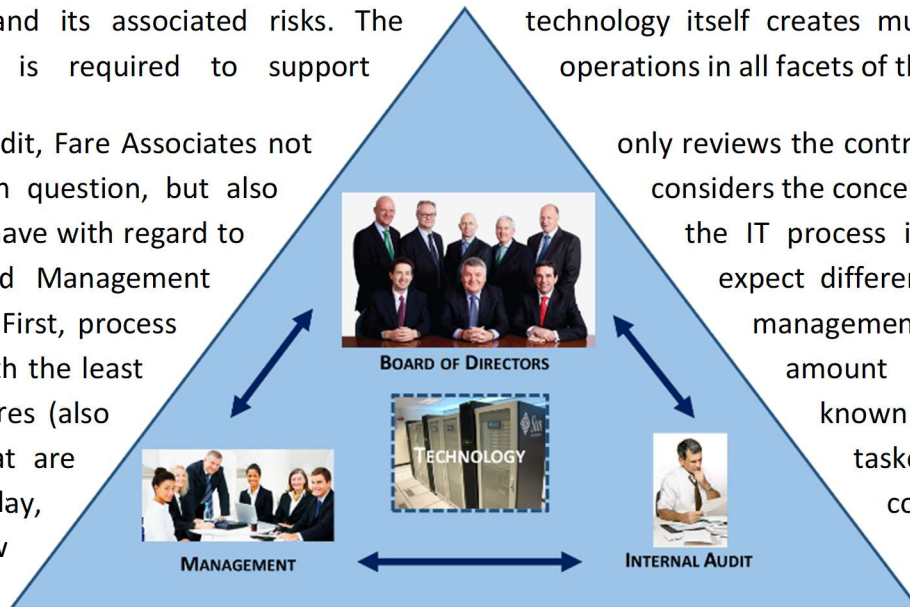


The Fare Approach to IT Audits

Each year Audit Plans are developed based on the known and relatively unknown risks to organizations. They are based on the view of the Chief Auditor with input from the Audit Committee and Management. Each party represents different members of the revised IIA Three Lines Model, who have different viewpoints regarding the organization and its associated risks. The technology itself creates multiple risks to the organization, but is required to support operations in all facets of the business.

As part of an IT Audit, Fare Associates not only reviews the controls associated with the technologies in question, but also considers the concerns that each of the three parties may have with regard to the IT process itself. The Board, expect different types of results from an IT Audit. First, process management wants to be able to do their jobs with the least amount of change or additional procedures (also known as controls). To the individuals that are tasked with performing processes each day, controls often take time and slow processes down. These individuals may not see the downstream outcome of their actions. An audit to them potentially brings more work for them to do in their already busy day. This group is interested in getting the audit done with as few findings and impact as possible.



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The Board of Directors, Audit Committee and ultimately Shareholders require IT Audits in order to understand the risk to the organization. This group is interested in the financial outcomes and risk byproducts of the process, but not necessarily the detailed process.

The Internal Audit and Compliance function is responsible for substantiating the controls across the entire process regardless of the responsible team. Oftentimes these individuals are concerned about the specific technology configurations and not the overall risk to the organization. For example, a server may not be secured optimally; however, if it is not actively used, then the additional effort (cost) required to enforce optimal security processes may not be warranted. In this regard, IT Audits shed light on issues that will not concern either process management or the Board of Directors.

The Fare Approach	
COLLECT	Utilize <u>INTERVIEWS</u> to collect information about processes and risks.
VALIDATE	Confirm understanding using <u>TECHNOLOGY</u> to verify process results and outliers.
LEVERAGE	Analyze results with Fare Risk Modeling® and <u>ANALYTICS</u> to obtain actionable business insights.



Fare Associates focuses on a collaborative approach to ensure that all three interested parties receive the information that they need as a result of the IT Audit. Our audit process focuses on three primary activities: Collect, Analyze, and Leverage. First, we interview various business users, technical specialists and management to understand the technical systems as well as the corporate environment. This allows us to gain an understanding of the entire process. By analyzing data thru analytics, we can provide a holistic view of the entire process including any process outliers. Leveraging our prior experiences with the knowledge that we gained during the collect and analyze phases, we are able to provide audit conclusions and recommendations that minimize risk while maximizing results.

Technical Area	Domain	IT Processes							
IT Governance	Strategy	Strategic Planning and Portfolio	IT Value to Business	IT Capability Optimization	IT Management Framework				
	Infrastructure	IT Governance	Manage Architecture	Risk Management					
	Personnel	Screening & Training	Evaluations, Terminations and Retention	Manage Knowledge					
	Compliance	Compliance with External Regulations	Service Level Management						
	Application	Periodic Review	Access Management	Authentication (ID/Password)	Segregation of Duties				
Network and Application Security	Database	Access Administration	Data Classification and Encryption						
	Network	Network Periodic Review	Network Access Management	Network Authentication	Remote Access	Virus Detection	Wireless/Cellular	Removable Media	Firewalls
	Applications	Change Management Process	Code Migration	Quality Management					
Change Management	Infrastructure	Change Management Procedure	Configuration Management						
	Application Development	SDLC	Acquire Build Applications	Project Management					
IT Operations	Monitoring	System Monitoring & Performance	Job Monitoring	Incident Management	Availability and Capacity	Penetration Testing	Website Audit	Operations Policy	
	Assets	Manage Assets	IT Costs						
	Disaster Recovery	Data Backup and Storage	Disaster Recovery Plans						
Cloud/ Outsourcing	Physical Security	Facility Access Controls	Environmental Controls						
	Third Party	Manage Vendor & Relationships	Cybersecurity	Cloud Services					

Key: Process Not Applicable Process Review Suggested Process Appears Appropriate Process Well Controlled Process Not Applicable

IT audits can be performed across many areas or processes, including Governance, Regulatory Compliance, Security, Application Development, IT Operations, Business Continuity/ Disaster Recovery, Vendor Management, or CyberSecurity.

For instance, on a recent audit, within the Governance process, we recommended that a client implement a review process to monitor costs to approved budget for high-dollar projects. This would provide accountability to process owners to maximize results for the Board. However, we recommended a threshold to ensure that the process does not become too onerous for smaller projects, which delighted process management as the recommendation was feasible to implement.

In an application development audit, we not only review the application security, data conversion, and development processes but also examine the new business process to ensure that it meets the business requirements. This allows Fare to ensure that the application implementation follows the required IT processes to limit technology risks and also meet the business needs to limit enterprise risks. After a recent review of the business process, we noted that there was a system limitation which required a manual workaround due to missing fields in the application. We recommended that the system issue be corrected to eliminate the daily effort, since the new application was creating inefficiencies and potential data errors.

Most IT Auditors can follow an IT Audit workprogram to audit the technology, but Fare Associates goes two steps further. Given our depth of experience, we know that “one-size doesn’t fit all” and technology processes cannot be uniformly implemented. We look to find solutions to reduce risk, but not overly burden the business. Even more importantly, we bring our technical expertise to communicate the true risk to each of the three parties, so that audit results are timely, relevant, and actionable.

Feel the Fare Associates difference today for your next IT Audit.



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