

AUDITING



13.6 Legal Aspects

Audit



What is an Audit?



- An audit is a **check** by an independent observer (auditor) to ensure that the data transactions of a company have complied with all laws and regulations.
- Ensures **no fraud** has taken place.
- Also checks company has **procedures** in place that provide protection against the misuse of ICT systems and data.
- An audit happens on a regular basis. e.g annual stock audit.
- Any discrepancies in totals must be investigated using monitoring systems and audit trails.

Audit package facilities

- ⦿ Verification of control totals
- ⦿ Random selection of records for checking eg records over a certain value, overdue accounts.....
- ⦿ Analysis of file contents eg debts by age, payments by size to check in normal proportions.
- ⦿ Comparisons of similar transaction files to highlight differences.



Audit trails

- Is a computer generated record made of any transaction carried out by the computer system.
- This can trace any activity relating to a piece of information from the time it enters the system to the time that it leaves.
- Eg a **stock control system** must keep a computer generated transaction record each time stock numbers are changed. Each transaction contains: product code, transaction type (adding or deleting stock), quantity of product, date and time of transaction, userId of person who carried out the transaction.
- A trail will tell an auditor **who** altered the data, **when** it happened, and **how** it happened. This trail can be compared with corresponding paper source documents if requested this way. Telephone requests and updates via a WAN may not have a paper trail so the computer generated transaction record is even more important.

Online audit trail of user activity

- ⦿ This trail can detect if an employee is breaking the Code of Practice and hence the Corporate IS Security Policy.
- ⦿ Need an audit trail that will keep a log of all the user activity on the network. Not specific to one application.
- ⦿ Whenever the user accesses the network a transaction record is automatically generated containing: *UserID, address of the workstation used, data and time of login and the period of use, number of login attempts, all applications and data accessed.*

Overheads generated by computer audit trails



- *Additional computer storage is needed to hold the extra data for the trails in each system.*
- *An audit record is automatically produced each time an update occurs causing extra processing. This may well slow the application down.*