Department of Economics and Business
CENTRAL EUROPEAN UNIVERSITY

PUBLIC CAPSTONE PROJECT SUMMARY

Audit Application Risk Profile Solution

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1. Introduction

In my capstone project, I am proposing an internal solution to create a central risk profile view and detailed reporting solution for the firm's applications.

2. Problem statement

The firm's technology inventories and assessments providing results on risk levels relevant to applications are not talking to each other. Some of the systems do not contain mandatory fields that would create the link between those systems; therefore, the data entered or calculated in those tools remain siloed. The operations teams often enter the same data into several systems, but incorrectly, or in different stages of the application lifecycle, or by different stakeholders, without consulting the systems that should be considered the golden source of that data. Some of these systems then are not maintained properly, which again lead to out-dated and inconsistent information.

These systems, the golden sources of important data that all carry an element to the risk profile of an application. Overarching, aggregate view of this risk profile has not been possible so far; the audit team who is supporting an application related audit has to consult multiple data sources to collect and reconcile the different elements for the purposes of the audit.

3. Proposed solution

Internal Audit has an internally developed platform called Audit 360, which is offering different solutions for the use of audit activities, including extracts of issues directly fed from the source system – to which auditors have no access; and including packaged complex solutions, which require the Audit Analytics team's support. This platform is widely used by auditors, therefore offers the simplest solution for the described requirement. The Internal Audit team also has an Innovation team who are continuously provide improvements and new tools to increase the IA team's productivity. Therefore, I am proposing a solution to be integrated into the existing Audit 360 platform, executed and supported by the capable Innovation team.

4. Project work

First, I needed to understand the nature of the data sources. Based on experience from earlier audits and other roles in the firm, I reviewed a wide range of internal systems that serve as inventories, repositories of assessments and reports. I reviewed the data stored in them that are most important to understand what the key risk areas of the application are. As part of my data analysis, I collected these key fields from each systems, and reviewed, as much as the system allowed, what was the source of this data. My goal was to confirm if the data was first entered into or created in this system, making it the golden source, which can be then be considered the most reliable, and most up-to-date data. I also selected a limited number of fields, which provide the key figures on the high-level risk profile of an application. This data analysis was also accompanied with a review of the data classification for each systems, and their data owners, as this will be needed when the possibility of data feeds into the central platform is reviewed.

Then I built the business requirements document in which I describe the detailed need and the requirements to meet those needs, including nun-functional needs, assumptions, constraints, entitlement requirements, risk assessment of the information to be stores, expected test cases, acceptance criteria; as explained further below.

5. Solution requirements

The primary need for the audit function is to have the different systems, which work as main or golden data sources on application-specific information, feed into one central repository. This will enable the auditors to view the relevant, accurate and up-to-date data consolidated in one location and see inconsistencies among some of the data entered independently into the different source systems.

The secondary need for audit is to have a grouped view of the key risk drivers from each data source, ideally through a data visualization technique. This high-level risk view will show the key risk ratings for each main process on one page, ideally in a chart format.

6. Benefits

The detailed reporting side of the solution can make sample selection, audit testing and business monitoring more effective and save time for both auditor and auditee. Problems with data quality in the

systems can be addressed before, or in the early stage of the audit; and prevent changes in the scope at a later stage. The audit team can also drive improvement of the data quality and accuracy of the firm's inventories.

The visual overview of key risks can simplify auditors' understanding of an application at a glance, by providing a rag-table like colour scheme and a chart format. When researching one application; or a group of them, like for a sector or for a certain function; the auditors can review the general risk level of the main processes without the need of deeper analysis of the data, also available in the solution, through a report extract.

7. Recommendation

As per my personal view, this technical solution should be deployed and communicated to all audit teams as soon as feasible, with a basic training offering. As the teams are already comfortable with using Audit 360 solutions, it would take traction quickly and would impact audit effectiveness, productivity and improvement in data quality of the application inventories within a short time frame. I believe the advantages outweigh the investment, therefore, I recommend my firm to take the proposal to the next level and support its execution.