

SAI - JAPAN



Mt. FUJI



SAI-Japan's Recent Trends in IT Audit

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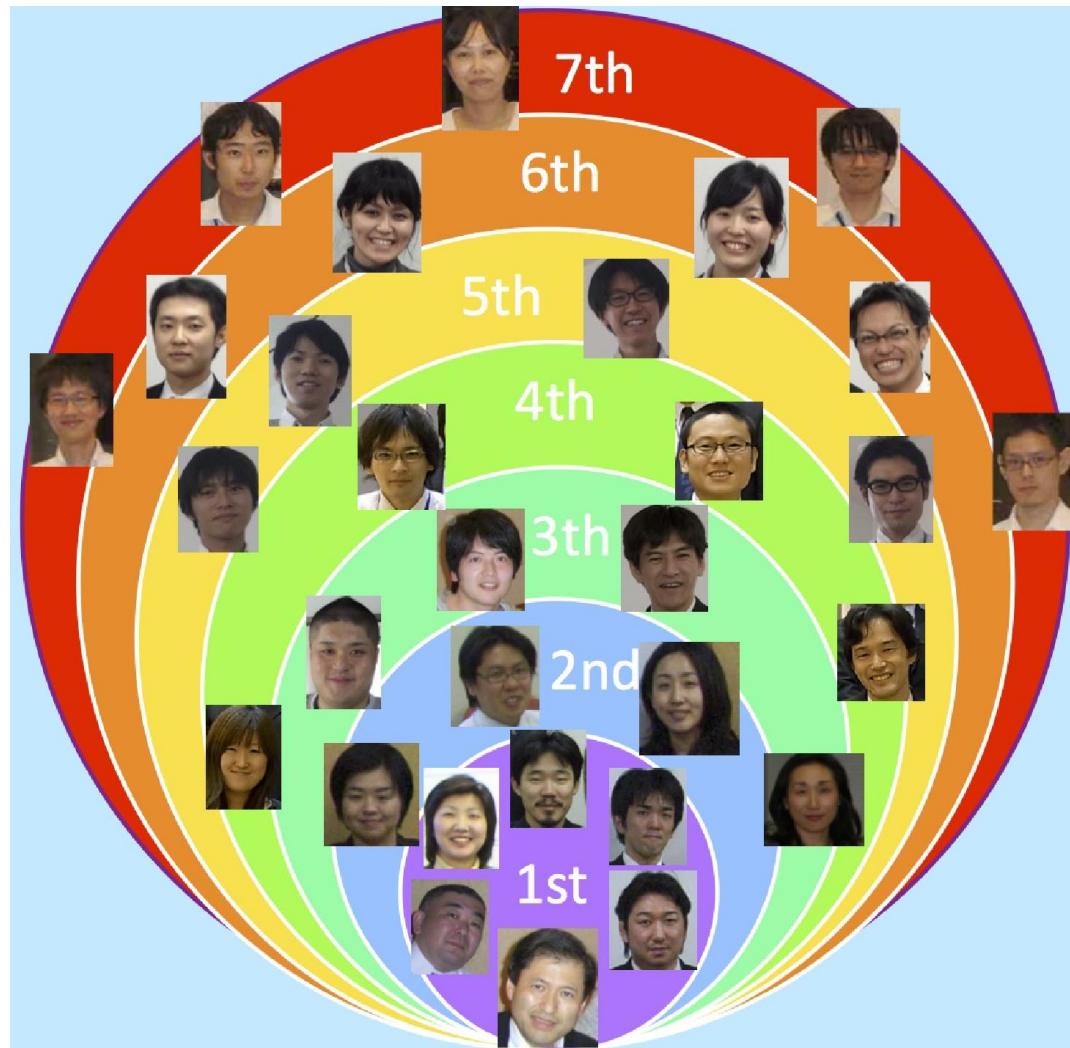
Contents

0. Introduction : our Team “ASTRA”
1. SAI-Japan’s Audit Activities on IT
2. Methodology of our Analysis
3. Results of the Analysis (Findings)

4. Conclusions

0. Introduction : our Team “ASTRA”

IT Audit Skill-up Training Team has been expanding since 2005.



0. Introduction : our Team “ASTRA”

Have you met somebody ?



Basic Policy on Audit

Since 2003, SAI-Japan has been committing itself in IT Audit.

Basic Policy on Audit > Focus of Audit (e.g. 2011)

SAI-Japan has decided to focus its audit activities mainly on the following policy areas of public administration.

- Social security
- Public works
- Education, Science and Technology
- Defense
- Agriculture, Forestry and Fisheries
- Environmental protection
- Small and medium enterprises
- Economic cooperation
- **Information Technology (IT)**

1. SAI-Japan's Audit Activities on IT

Recent Trend of IT Audit Cases in SAI-Japan's Annual Reports

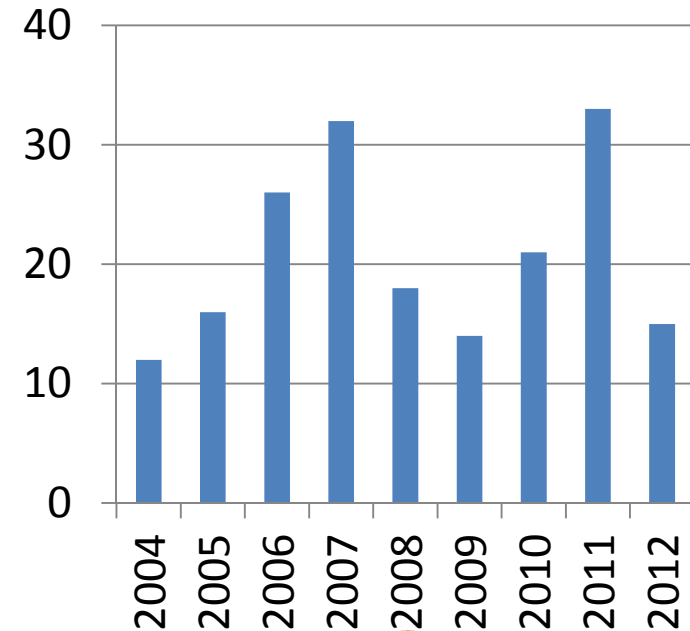


	2004	2005	2006	2007	2008	Average
IT Audit Cases	12	16	26	32	18	21
	3.6%	5.2%	6.7%	6.8%	4.0%	5.3%
Total Cases	337	305	386	473	451	390

1. SAI-Japan's Audit Activities on IT

Recent Trend of IT Audit Cases in SAI-Japan's Annual Reports

2009	2010	2011	2012	Average
14	21	33	15	21
1.4%	3.7%	6.4%	2.4%	3.1%
986	568	513	630	674



2004	2005	2006	2007	2008	Average
12	16	26	32	18	21
3.6%	5.2%	6.7%	6.8%	4.0%	5.3%
337	305	386	473	451	390

Recent Trend of IT Audit Cases in SAI-Japan's Annual Reports

2004	2005	2006	2007	2008	Average
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3.6%	5.2%	6.7%	6.8%	4.0%	5.3%
337	305	386	473	451	390

Identifying IT Audit Cases

- Extracts from 2004 to 2008 Annual Reports
- Cases including keywords such as:
 - ✓ “Computer,” “IT,” “System,” “Telecommunication,” “Internet” and “Online”



104 Cases related to IT

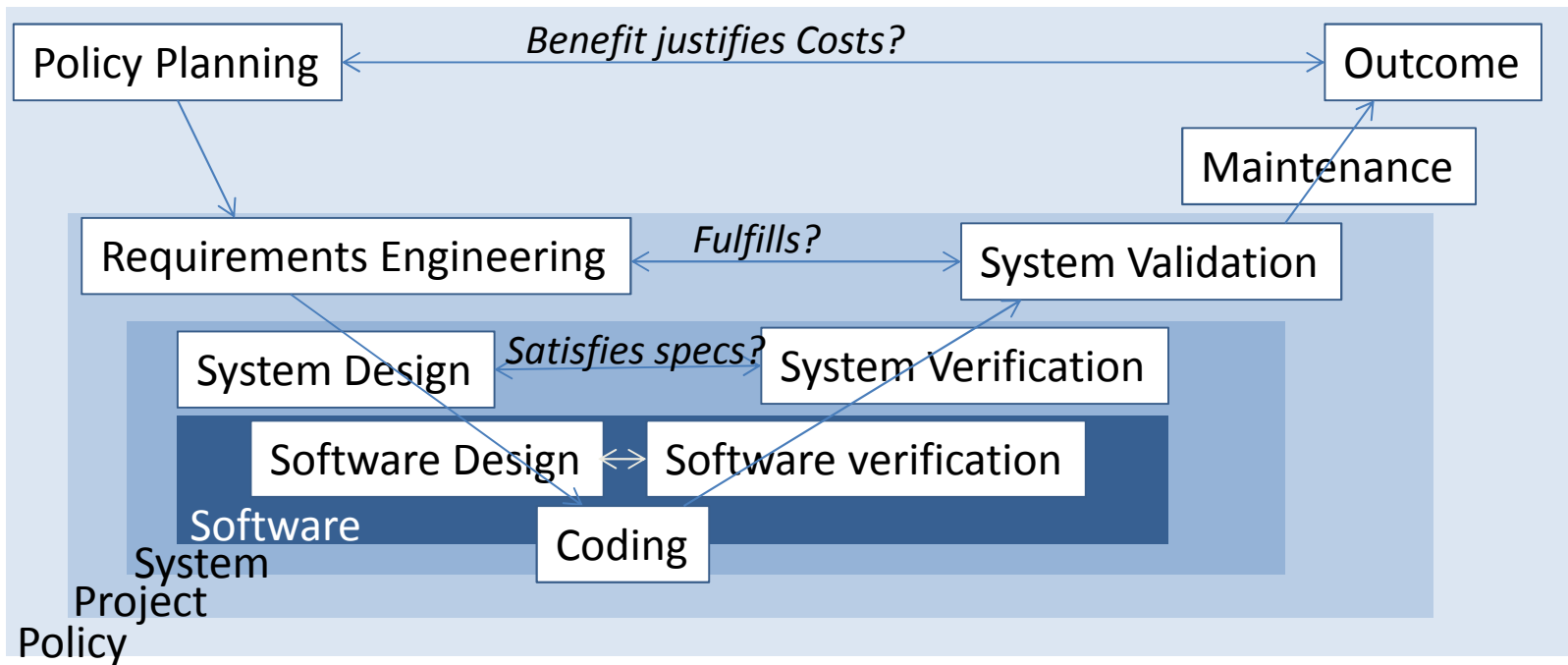
Categorize

2004	2005	2006	2007	2008	Total
12	16	26	32	18	104
3.6%	5.2%	6.7%	6.8%	4.0%	5.3%
337	305	386	473	451	1,952

2. Methodology of our Analysis

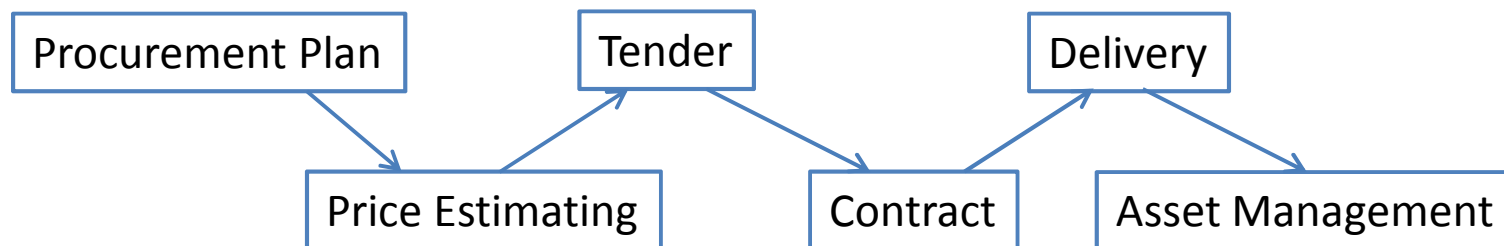
Mapping IT Audit Cases

i) onto the V model



Mapping IT Audit Cases

ii) onto Procurement Process



3. Results of the Analysis (Findings)

Categories of IT Audit Cases

1) Uneconomical acquisition	14 Cases
2) Overpayment for maintenance of IT systems	12
3) Inadequate procurement procedure	9
4) Failure to register IT systems as national assets	5
5) IT systems are not working / not frequently used	28
6) Security problems	2
7) Lack of awareness of IT's usefulness	3
8) Lost / stolen computers	3
9) Improper use of IT system	1
10) Overpaid subsidies	42
11) Other	1



Categories of IT Audit Cases

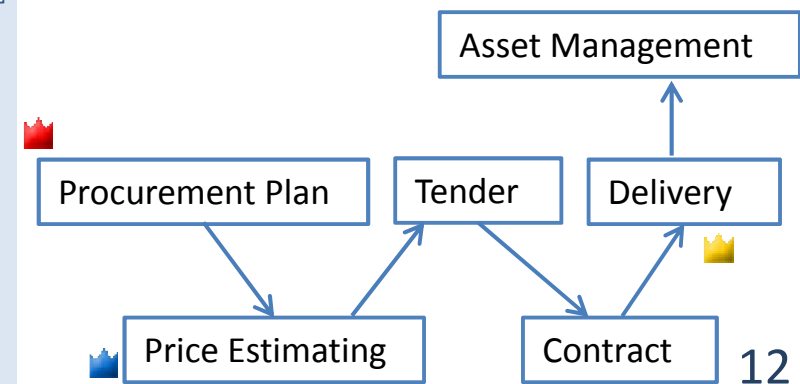
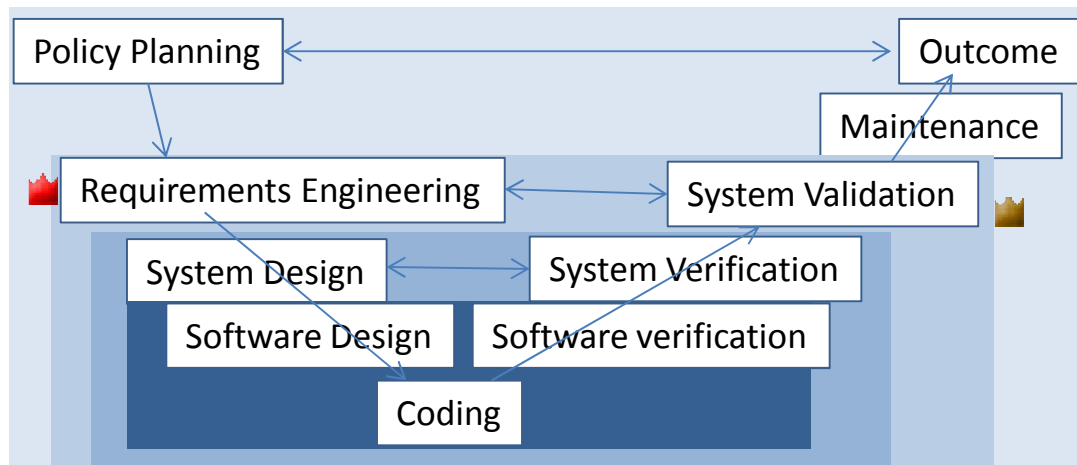
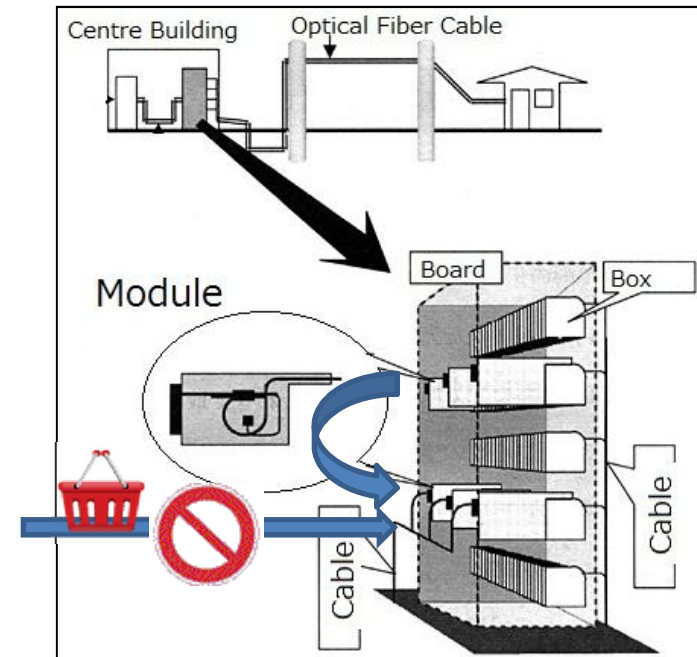
1) Uneconomical acquisition 14 Cases

- ✓ Acquisition of unnecessary parts
- ✓ Too expensive estimated price
- ✓ Ungrounded cost-plus charge
- ✓ Unnecessary acceptance test / delivery cost

Categories of IT Audit Cases

1) Uneconomical acquisition 14 Cases





- ✓ Acquisition of unnecessary parts 🚒
- ✓ Too expensive estimated price 🏠
- ✓ Ungrounded cost-plus charge 🏰
- ✓ Unnecessary acceptance test / delivery cost 🏰

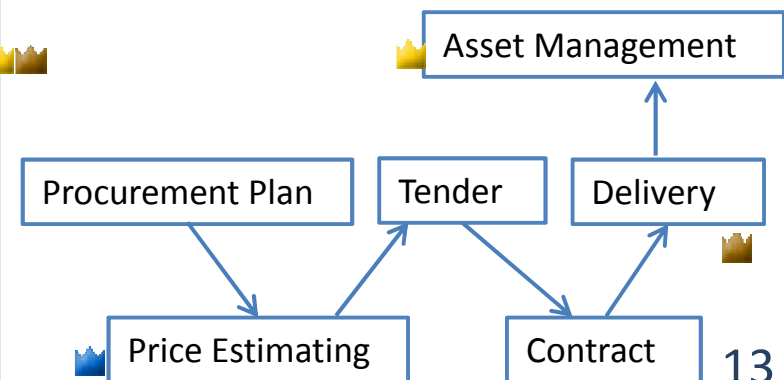
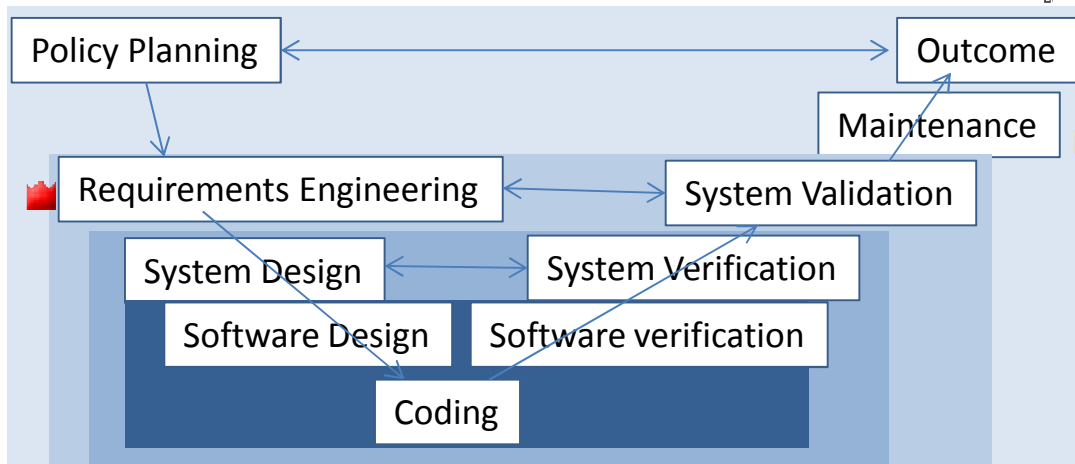
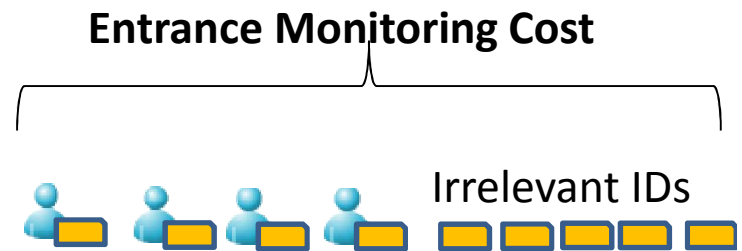


Categories of IT Audit Cases

2) Overpayment for maintenance of IT systems

12 Cases

- ✓ Too high specifications 
- ✓ Too expensive estimated price 
- ✓ Unnecessary facility maintained 
- ✓ Payment for not existing service 



Categories of IT Audit Cases

3) Inadequate procurement procedure

9 Cases

- ✓ Absence of market mechanism
- ✓ Inadequate copyright management →
- ✓ Inadequate cost free use permission
- ✓ Inadequate request for proposal
- ✓ Inclusion of multi-year running costs
- ✓ Inadequate Long-term contract

- ✓ Source Codes
- ✓ Copyright

4) Failure to register IT systems as national assets

5 Cases

Categories of IT Audit Cases

5) IT systems are not working / not frequently used 28 Cases

- ✓ Hardware is not set up.
- ✓ Software is not working.
- ✓ System is being used for different purposes.
- ✓ Data are not input properly.
- ✓ Bad system design
- ✓ No needs
- ✓ Lack of willingness to use IT system



(N.B. This case appears in 2012 report.)

3. Results of the Analysis (Findings)

Categories of IT Audit Cases

6) Security problems

2 Cases

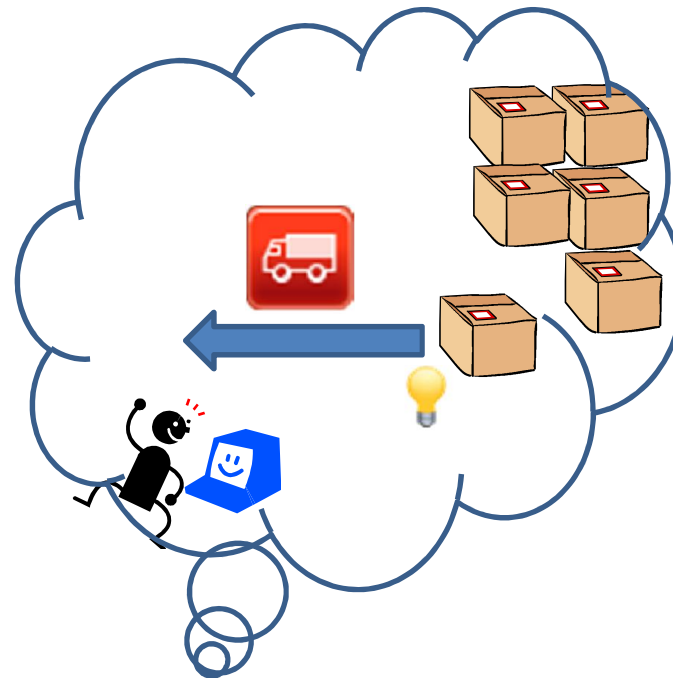
- ✓ Vulnerable to earthquakes
- ✓ Vulnerable to intrusion attacks
- ✓ Vulnerable to information leaks

3. Results of the Analysis (Findings)

Categories of IT Audit Cases

7) Lack of awareness of IT's usefulness

3 Cases



3. Results of the Analysis (Findings)



Categories of IT Audit Cases

8) Lost / stolen computers

3 Cases

9) Improper use of IT system

1 Case

10) Overpaid subsidies

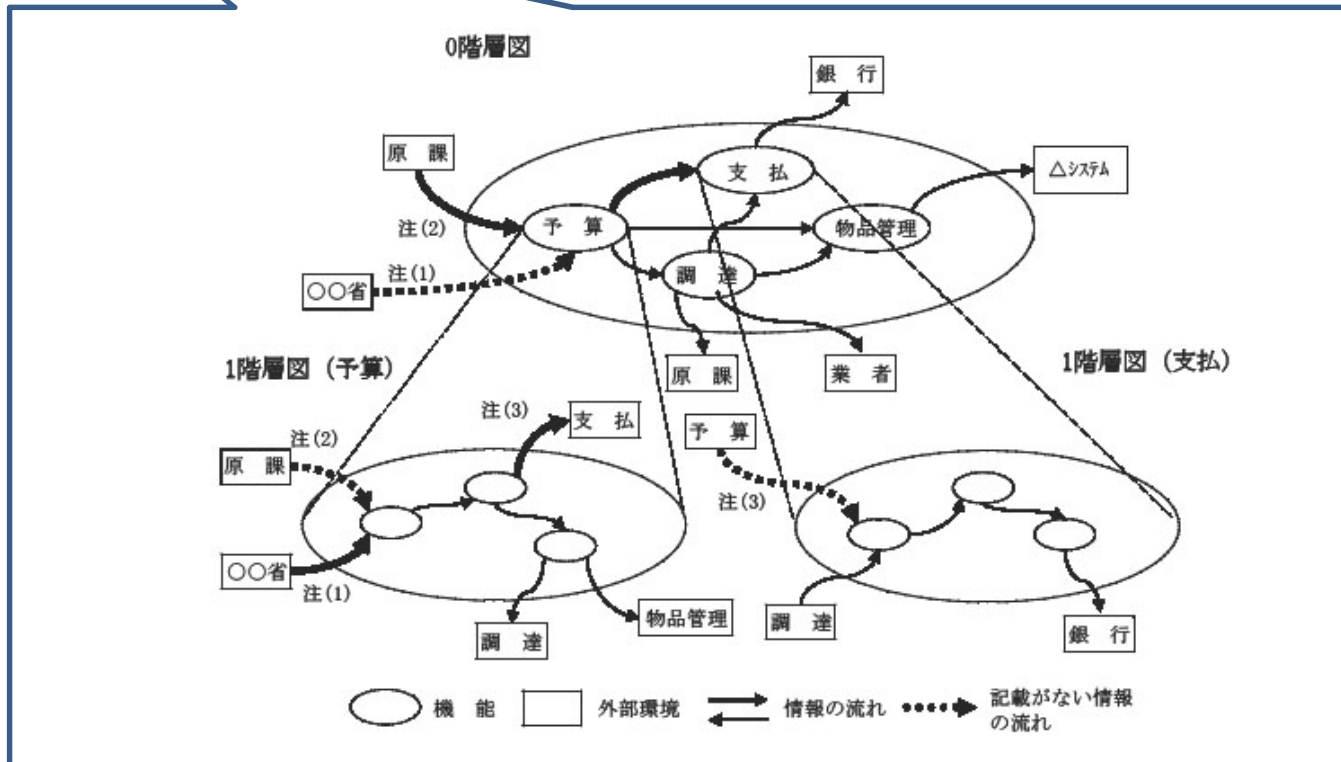
42 Cases

Categories of IT Audit Cases

11) Other

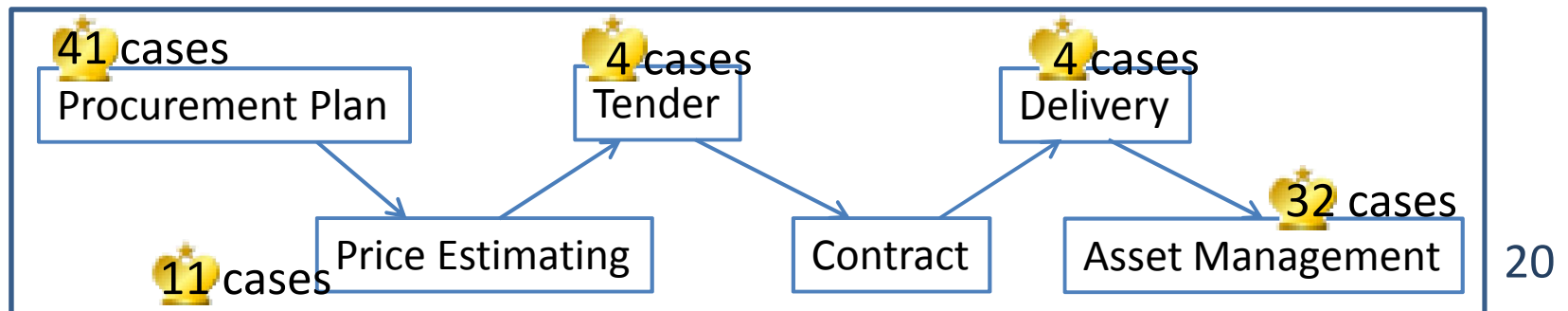
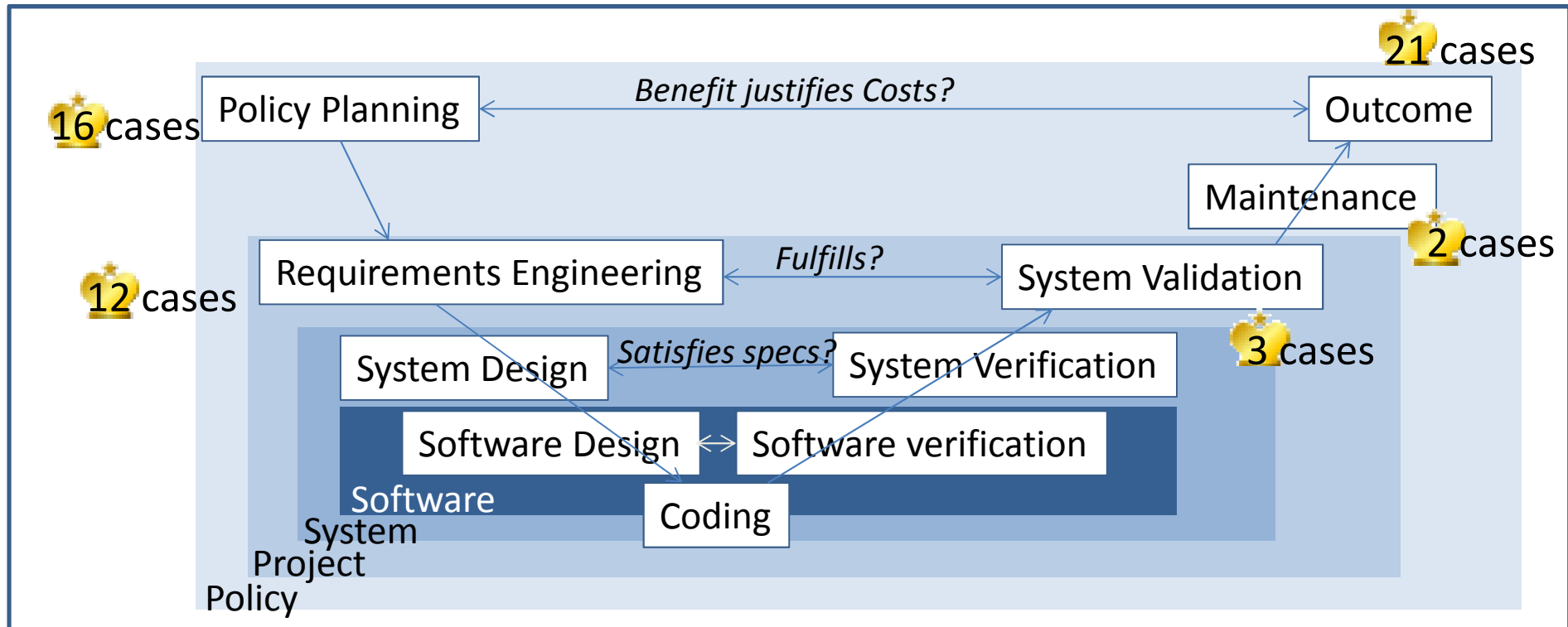
1 Case

✓ Inadequate “Data Flow Diagram”



3. Results of the Analysis (Findings)

Mapping SAI-Japan's 104 IT Audit Cases (2004 – 08)



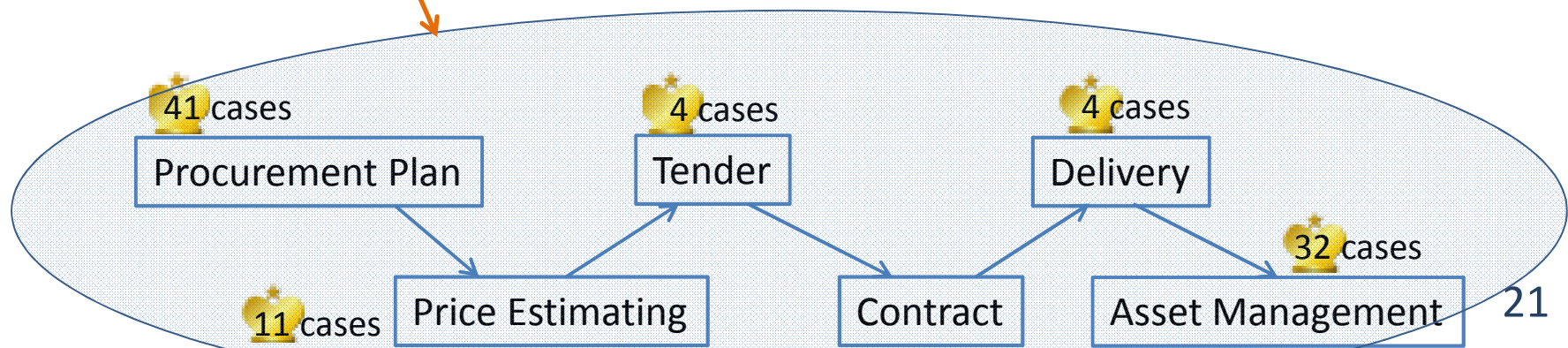
4. Conclusions

IT Audit focused on Procurement Process

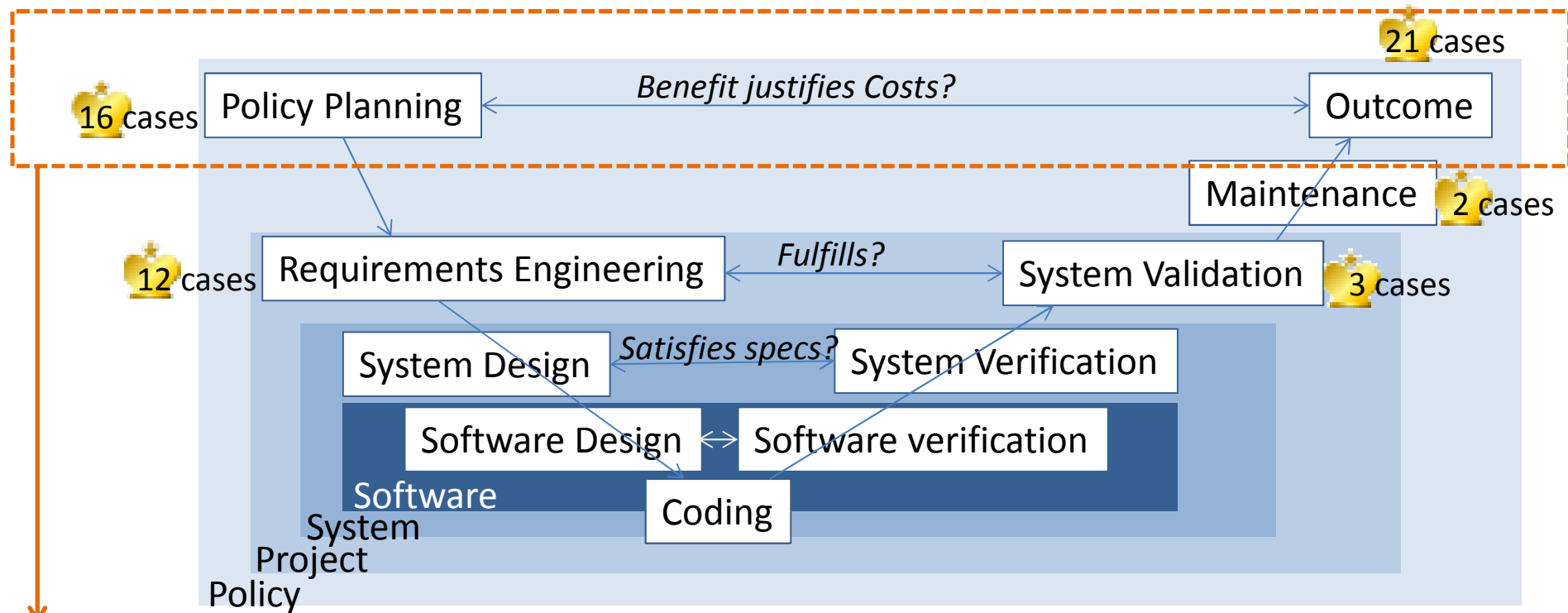
IT audit as **Regularity** audit / **3E** audit

SAI-Japan is applying non-specific Regularity / 3E audit techniques to IT Procurement.

In the next step, how will SAI-Japan develop audit methodologies on IT?



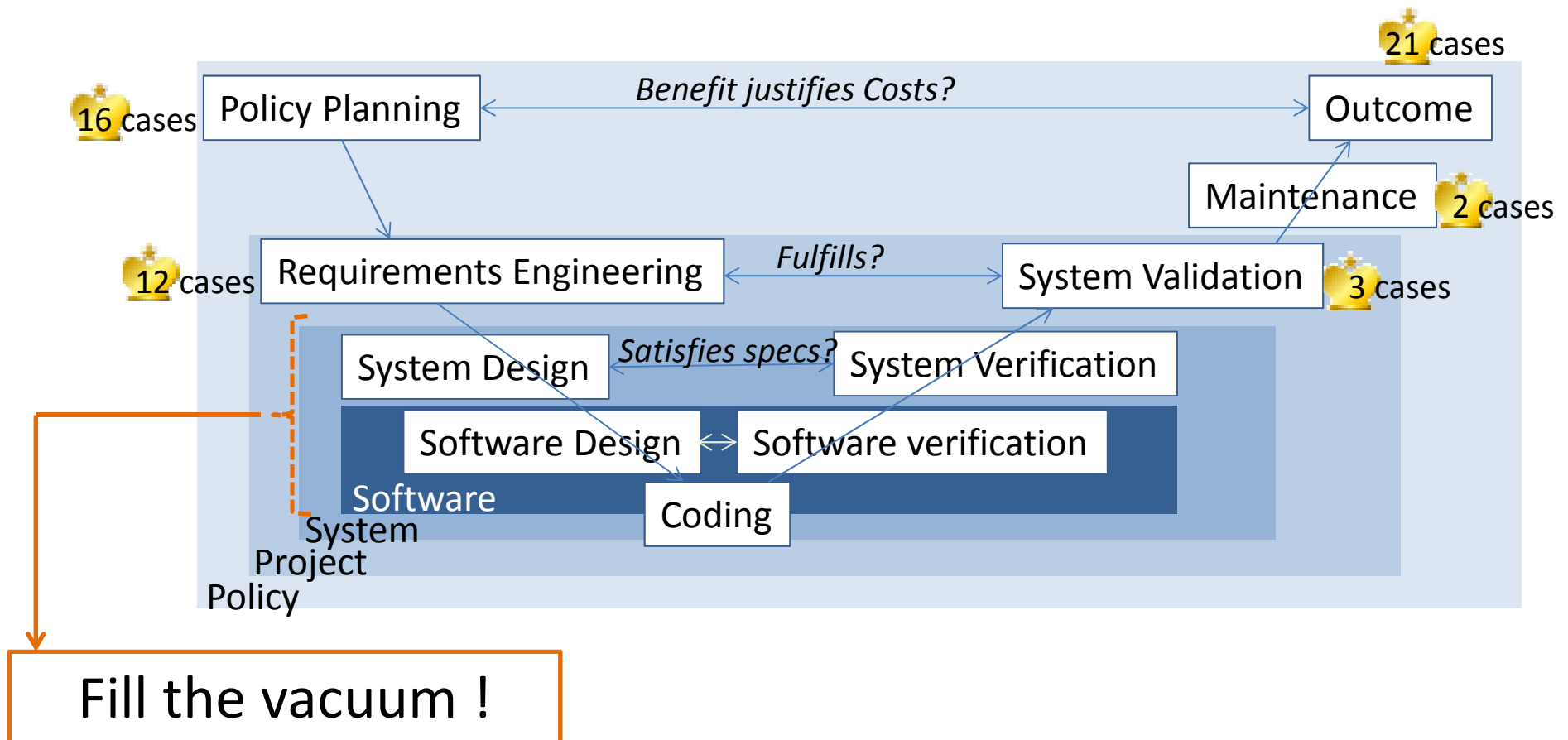
IT Audit applied on the Upper Process



SAI-Japan is applying general 3E Audit techniques.

How will we develop IT-specific audit techniques on IT policies?

IT Audit applied on the Implementation Process



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