Roadmap development of IT report and audit opinion

1.   Introduction

The Netherlands is one of the most digitised countries in the world. IT is in the capillaries of organisations' business processes. The Netherlands is also a hub in global Internet traffic. Many of the transatlantic internet cables come ashore in the Netherlands and branch out across Europe from there. IT has become an increasingly important topic for managers and supervisors of (government) organisations.

In discussions with, among others, managers and supervisory directors, it has become clear that they want to know whether the control of IT within their organisation is adequate. Since this is not the scope of an auditor, there is a growing need in the boardrooms of Dutch organisations and their stakeholders for an independent opinion on the design and control of IT. The desire to determine whether IT is sufficiently in control is reinforced by the rapid digitisation of the business community and government. The risk of insufficient data quality and discontinuity in data processing is increasing. A broad group of stakeholders attach more and more importance to certainty about the reliable operation of information technology in the chain. This not only concerns organisations in the vital infrastructure such as banks, energy and healthcare, but also organisations outside the vital infrastructure and, in addition to organisations, suppliers, investors, rating agencies, regulators and, in a broad sense, the public at large.

The scope of an annual report in its current form is too limited to provide adequate insight into the design of the IT management organisation and the management of IT in an organisation. Let alone that there is also sufficient room to elaborate on, for example, whether an organisation is sufficiently resistant to discontinuity due to IT breakdowns (including cyberattacks) and whether the IT organisation is prepared for (un)foreseeable developments in the strategy and IT environment of the organisation. With a new type of IT report, organisations can provide insight into their overall IT control and IT resilience.

This IT report shall state how IT control has been exercised in the past year and what the organisation has done to prevent recurrence of omissions. In the IT report, the organisation shall also address IT control in the near future, for example during the current year. In addition to looking back and forward, the content of the report will consist of both generic subjects (such as information security, privacy and continuity) and subjects that are specific to the sector in which the organisation operates. In the envisaged IT audit statement, an independent IT auditor provides assurance on an IT report prepared by the organisation and gives confidence that the IT report provides a true and fair view of the IT control within the organisation.

2.   Objective of this action plan

This plan of approach describes the considerations and activities required to arrive at a professionally sound and widely supported IT report and IT audit opinion.

3.   Stakeholders

The quality of the deliverables is guaranteed by creating broad support among a diversity of stakeholders and by coordinating challenges and choices made with the audit community. This also contributes to the formulation of the right criteria for an IT report. These criteria can possibly differ per organisation/sector, which is why coordination will take place with, among others

- Supervisory Boards,

- Regulators (e.g. DNB, NZa, Telecom Agency, AP, AFM)

- Shareholders

- Banks and other financiers

- Pension investors

- Chains in which the organisation operates, customers and suppliers

- Accountancy firms, audit firms and professional organisations (NBA and IIA)

- Industry interest groups (including VNO/NCW, CIO platform NL, DINL, NvB, NVZ, PvIB, NCSC-NL).

And thus for part of the public.

The working group has launched a market survey in order to determine what primary stakeholders consider important with regard to the IT report and the IT audit opinion. This survey is used to test support, measure preferences (including content), identify any objections and determine the impact of these objections. It is up to the working group to ensure that the stakeholders ultimately see the added value of the IT report and audit opinion, and to support and accept the criteria, standards and costs.

4.   Deliverables for the working group

The working group should deliver the following technical deliverables:

- Reporting criteria for the IT report

- The wording of the IT audit opinion (Management's assertion)

And also:

- Model Assurance Report

- Work plan and/or methodology documentation for the IT auditor who audits the IT report

- Training module

An essential part of this is that the deliverables are aligned, and where necessary approved, both within NOREA and with the various stakeholders. Support from stakeholders is crucial for the actual execution of assignments. The working group has to coordinate with the following stakeholders:

- Members of NOREA

- (Inter)national audit organisations (NBA, ISACA, IIA)

- Regulators (see also above)

- Stakeholders such as CIO platform, VNO NCW, etc.

- PIE firms (Professional Responsibility, Risk & Compliance and Governance)

- RE training courses

- Regulators (government, GRI)

5. Roadmap

In order to deliver the above-mentioned technical deliverables and create support, the following activities need to be carried out:

Roadmap

Activity	Completed
Evaluation of working group composition (are important stakeholders represented?)	October 2021
Agreement by GRI organisation on use of standards	October 2021
Determine preliminary scope/scope of IT report and IT audit opinion	October 2021
Processing of survey results	November 2021
Coordination and consultation with stakeholders and accountancy sector	December 2021
Communication state of affairs roadmap NOREA-members in members' meeting	December 2012
GRI standards conversion for IT report	January 2022
Drafting of IT audit opinion (assurance report wording) and management assertion	January 2022
Prepare scope, coverage and audit work programme/methodology documentation for review of IT report	February 2022
Agreement by professional committee NOREA on audit work programme/ methodology documentation, criteria for IT report and IT audit report	February 2022
Agreement Professional Practice Departments Accountancy/Auditing firms	March 2022
Approval of the NOREA board	March 2022
Ready for piloting	March 31, 2022
Inform NOREA-members in members' meeting	June 2022

6. Topics for alignment and consultation

NOREA realizes that there are still many obstacles that need to be removed, both in the creation of the deliverables and also within organizations that prepare an IT report. Below we provide some points of attention in that regard. Perhaps the IT statement is only opportune if organizations have their IT controls sufficiently in place.

Considerations and issues that are included in the discussions, alignments and approvals with the stakeholders listed in chapters 3 and 4:

- Is this work done by an IT auditor employed by a firm that also performs the annual audit or by a firm that does not perform the annual audit at the organization where the IT audit opinion is issued?

- What would a possible growth model look like? For example, from zero measurement, via IT management letter to IT audit opinion.

- How do we deal with an expectation gap?

- What assurance is provided and what is not? And to what extent?

- How is liability regulated?

- Will the IT audit opinion be included in the auditor's report or will it be a separate document?

- Can we link up with existing methodologies of the offices or will there have to be a separate methodology?

- Organizations will often draw up the IT report in the form of a project. It plays a role in how internal and/or external IT auditors can be deployed and what the internal and external costs of such work are.

- The introduction of an IT report and IT audit opinion can, in terms of activities, partly be linked to the annual audit, where the IT control of financially relevant systems is already checked by the external IT auditor. However, the IT report and associated IT audit opinion is not a substitute for testing activities that should be carried out specifically for the annual audit.

- The IT report and IT audit statement can be part of the annual financial report, but can also be prepared as a stand-alone document. The line now is to start as separate documents and perhaps also merge them over time if desired.

- For supervisory purposes, different, specific accounts are required by the various regulators. Support for the IT report and IT audit report will increase as more specific justifications can be replaced by the IT report/statement.

- The introduction of an IT report and IT audit opinion is a growth path in which not all requirements are immediately declared applicable. It is possible to start with an internal accountability document (baseline) where there is room for learning and development. Assurance about this can then be obtained by means of an audit with an IT audit opinion.

- In addition, it is up to NOREA's working group to link the benefits of the IT report and IT audit opinion to the social, public and private goals of organizations.

Appendix: Composition NOREA working group IT report and IT audit statement

The following table lists the members of the NOREA working group and their positions.

Name	Serving as
Alex van der Harst	Partner, KPMG Advisory
Irene Vettewinkel	Director Innovation & Technology Group Audit, ABN AMRO
Jan Matto	Partner IT Audit & Advisory, Mazars
Jeroen van Schajik	Partner IT Risk Assurance, BDO
Joep Janssen	Management consultant, Verdonck Klooster & Associates
Marc Welters	Partner, EY Technology Risk
Marcello Smalbil	Director IT Advisory, Bakertilly
Mirjam Pauw	Senior director, PWC Risk & IT Audit
Otto Teule	Senior Manager, EY Technology Risk
René Ewals	Managing partner, ACS
Robert Boon	Partner, Deloitte Risk Advisory
Ron Hakvoort	Director, Deloitte Risk Advisory

Ronald van Langen	Senior manager, KPMG
Salo van Berg	IT Risk Consultant
Wilfried Olthof	Director NOREA