

**LITHUANIA**

# Shall be blessed?

## Blessed

“Hey you, you’re a child in  
my head  
You haven’t walked yet  
Your first words have yet to  
be said  
But I swear you’ll be  
blessed”

*by Elton John & Bernie Taupin*

IS Audit in Valstybės kontrolė, the National Audit Office of Lithuania

Recording facts or events, especially when they are recent, is an unrewarding task. Firstly, we unconsciously try to determine that something important happened much earlier than it actually did. Secondly, we over-estimate those important facts or events which may be witnessed by others. That’s why such stories often reach prehistoric times, enhancing today’s deeds with a patina of antiquity, and awarding us the status of observers, sometimes even the status of actors of such events. And more – it’s very difficult to play the role of objective bystander when you are stirred up by the events which are sometimes, somehow related to you.

we want

Audit of Information Technology. Someone should be the first to say those words which are a lovely combination to listen to, to say nothing of their meaning. There is a possibility (or a privilege?) to control (or to be responsible for) something which is important and meaningful.

Looking for the origins, one may recall the year of 1997 when the INTOSAI information systems audit material had been translated into Lithuanian. Today we can no longer find anyone at the National Audit Office of Lithuania who can witness why and how this material appeared, and why it was translated into Lithuanian; but we believe that 1997 marked the beginning of information systems audit. Reasons, however, are much more instinctive rather than consciously recognised.

Therefore – if no one says otherwise – 1997 shall be remembered as the start year of information systems audit at the National Audit Office of Lithuania. In any case, this was the year when we first uttered the words “informacinių sistemų auditas”.

We did not know then what we wanted, but we knew that “we want”.

The first VFM report (value-for-money audit as a separate audit area was recognised by the National Audit Office of Lithuania only in 2001) was titled “Regarding results of assessment of activities of establishing and development information systems in terms of economy, efficiency, and effectiveness”.

The report recommended:

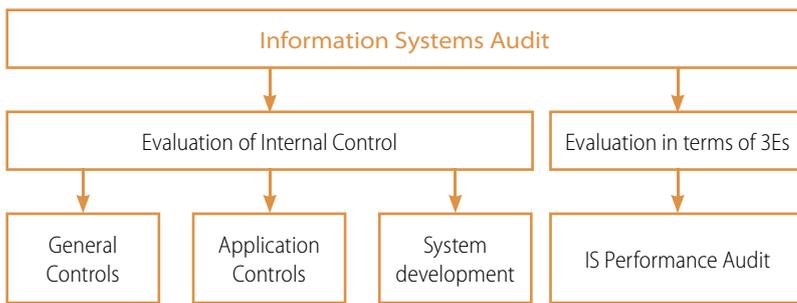
- better coordination between IT strategic plans of ministries and agencies with the strategic plan of information society development for Lithuania;
- better coordination and control of IT projects and initiatives, and;
- improvement of data exchange between state institutions.

2001 was probably the year when we already knew what we wanted but did not know how to achieve it. Luckily (although someone has said that luck is no more than a result of your own efforts... ) this year heralded a slow but targeted and sustainable enforcement of IS audit function. We must pay tribute to those who were our patient but strict teachers.

In 2001 and 2002, a joint project with the Swedish International Development Cooperation Agency (SIDA) allowed us to organise two IT audit seminars at the National Audit Office of Lithuania, led by specialists from the Swedish Riksrevisionen (the Swedish National Audit Office).



**Figure 1: Types of IS audit**



The years of 2002-2005 were also a successful learning time. This period saw the First and the Second PHARE projects, when our experience was shared with the National Audit Office of the United Kingdom, and Danish Rigsgrevningen (the National Audit Office of Denmark).

And of course, we benefited from training at the International Centre for Information Systems and Audit offered by the Supreme Audit Institution of India.

Even minor efforts, provided they are persistent and targeted, sooner or later will bring the desired result. One of the wins worth acknowledging is that the first auditor of the National Audit Office of Lithuania has become CISA certified. The first such in the Lithuanian public sector.

Sometimes small rivers, being close each to the other, but separated by hills, have to make a long journey before they come together. In the same way, the functions of information technology governance and information systems audit have risen from

different springs. Despite bringing their competencies separately, they, against all the odds, inevitably approached each other.

From our start in 2002, the functions of information technology governance and information systems audit were separate. But, over time, they grew towards each other. No-one can say if the CobiT methodologies (or good practices) for IT governance and audit were firstly applied to IT governance or IS audit. The EUROSAI Information Technology Working Group project "Information technology self-assessment for supreme audit institutions" started in autumn of 2002 and the first IT self-assessment seminar happened on 13-17 October 2003, moderated by representatives of the Court of Audit of the Netherlands. This was an important event both for information technology governance and for information systems audit.

Lithuania joined the European Union in 2004, and the need to carry out specialised information system audits according the

existing standards has become obvious. Such a need was not only an external, but also an internal factor, conditioned by growth of complex information systems in the public sector and – subsequently – by an increase of finance for such systems.

The need to design one's own IS audit methodology and to institutionalise the IS audit function has become stronger.

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In February 2006 the IS audit function became part of the newly established Department of Information Technology Management and Audit, and in October 2007 the function was entrusted to the Division of Information Systems Audit, within the same department. This is a compact unit of a head and four state auditors, a good place to grow together and to become stronger, and a good way to help a lot of financial auditors to become more competent in auditing the general controls of straightforward information systems.

In April 2006, the Methodical Recommendations for Information Systems Audit, based on INTOSAI Auditing Standards, and European Implementing Guidelines for the INTOSAI Auditing Standards (Guideline No. 22) were approved. Methodological Recommendations defines the place of IS audit, as well as its types, relation with financial and value-for-money audit, scope and methods.

Methodical Recommendations is an important document, therefore we will focus on some of its basic principles. Those who are interested can find the document on our web site at [http://www.vkontrolė.lt/en/docs/IS\\_Audit\\_Methodical\\_Recommendations\\_EN.pdf](http://www.vkontrolė.lt/en/docs/IS_Audit_Methodical_Recommendations_EN.pdf). We hope this material will be useful.



Methodical Recommendations gives the following definition of Information Systems Audit:

- Audit of Information System general controls
- Audit of application controls
- Audit of Information System development controls
- Information System performance audit.

The objectives of the different IS audit types are as follows:

- Audit of IS general controls. Evaluate internal control which covers all information systems of an organisation.
- Audit of application controls. Evaluate a control related to data input, processing, protection, and obtaining in the specific applications (e.g., Navision Financials or LABBIS).
- Audit of IS development controls. Evaluate management and control of IS development from conception to live running; covering IS change management;
- Objective of IS performance audit. Evaluate issues related to IS in terms of efficiency, economy, and effectiveness.

In terms of IS audit, INTOSAI distinguishes three levels of auditors (implementation of these levels in the National Audit Office of Lithuania is presented in Figure 2.):

- Public auditors conducting financial and performance audits (hereinafter – generalist auditors),
- IS auditors,
- IS/IT specialists.

Distribution of tasks between different levels of auditors are as follows:

- IS audits performed by generalist auditors are limited to medium complexity evaluation of IS general control and accounting programmes (e.g., Navision Financials, LABBIS etc.);
- IS auditors perform audits of general control of complex IS (e.g., IS of the State Social Insurance Fund Board of the Republic of Lithuania, Customs' IS etc.), IS development audits, and IS performance audits;
- IS/IT specialists provide specialised guidance on particular issues.

During financial or performance audits generalist auditors may ask for help from IS auditors or IS/IT specialists. In such cases the Audit Department Director (Deputy Director) applies to the Head of the structural unit of the NAOL which performs IS audits. If necessary, an external IT/IS specialist can be brought in.

Having performed IS audits, generalist auditors present their evaluation of IS general controls to the structural unit of the NAOL which performs IS audits.

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The existence of Methodical Recommendations, and the distribution of tasks between IS auditors and generalist auditors have allowed the last-mentioned to perform 76 general control evaluations of simple information systems in 2006. At the same time, IS auditors carried out six general control evaluations of complex information systems, a good distribution of tasks and a good use of IS auditors' potential.

Two illustrious value-for-money audits were carried out in 2006 and 2007, aimed at IT governance in governmental (supra-ministerial) institutions which made many recommendations for the government to assure proper governance of the IT function. Among them, recommendations on improvement of management structures of e-government projects as well as on their comprehensive quality control in terms of efficiency, economy, and effectiveness.

We are active participants in the project "Information technology audit function self-assessment for supreme audit institutions" and the first pilot seminar in Vilnius on May 22-23, 2007, launched by the EUROSAI Information Technology Working Group project. A good basis for future action, "we shall do" indeed! ○



**Figure 2: Division of functions when performing IS audit**

IT/IS Specialist	IS Auditor	Generalist Auditor
Specialists from internal IT Department	Helps to transfer data from the IS of audited entity to computerised audit tools Evaluates general controls of information system Helps to perform audits of application software for financial and performance auditors	Financial auditors use computerised audit tools, carry out risk evaluation in non-complicated IS, having encountered problems relating to clients IS, consult IS auditors for more detailed analysis
External IS/IT Specialists	Participates in evaluating of IS from the point of view of economy, effectiveness and efficiency Prepares IS methodologies and provides training Provides information to IT Department about good IT governance / management practice	Performance auditors use computerised audit tools, participate in analysing correctness, reliability and comprehensiveness of management information and evaluate IS from the point of view of economy, effectiveness and efficiency



### **Dainius Jakimavičius**

Dainius Jakimavičius graduated from Vilnius University in 1983. He became a Doctor of Mathematics in 1993. He has worked in the Lithuanian National Audit Office since 2001. He has been successively Head of Information Technology Division (2001-2002), Director of Information Management Department (2002-2004), Director of Information Technology Department (2004-2006) and currently Director of Information Technology Management and Audit Department.

