

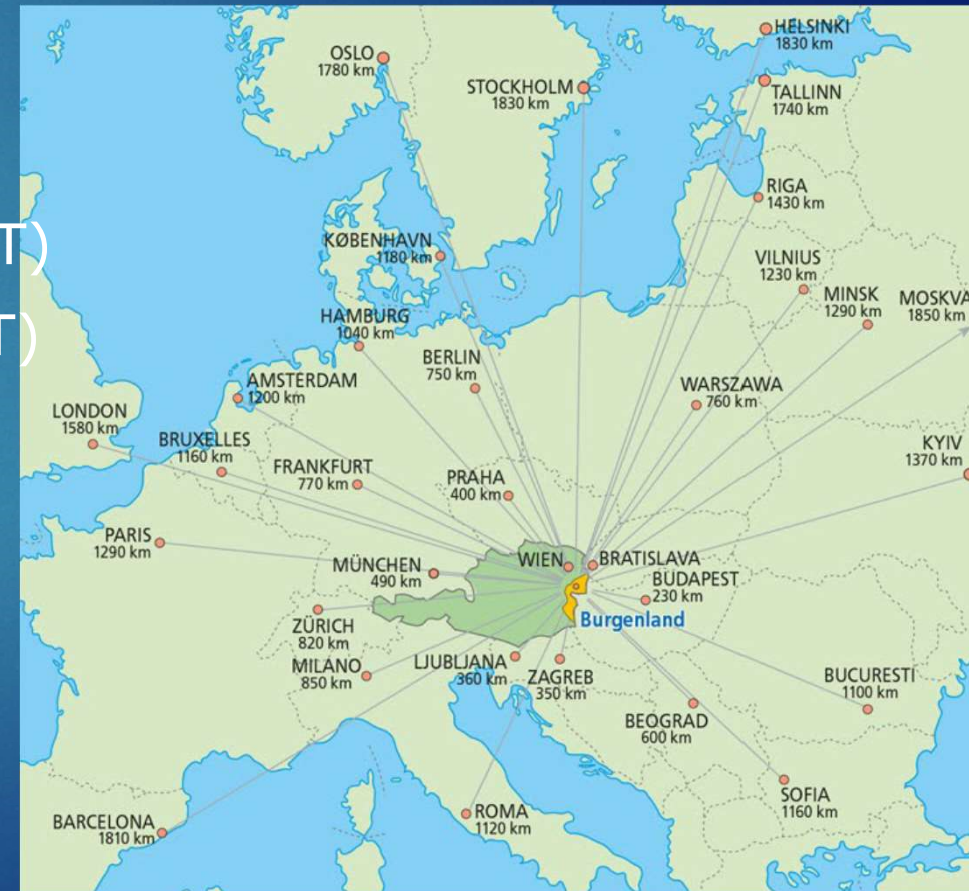
Financial control in times of digital change

ADDRESSING EXTERNAL AND
INTERNAL CHALLENGES

BERNHARD DROBITS, BURGENLAND COURT OF AUDIT

Country of Burgenland

- ▶ Founding year: **1921**
- ▶ State capital: **Eisenstadt**
- ▶ Area: about **4,000** km² (2.3% AT)
- ▶ Population: about **296,000** (3.3% AT)
- ▶ GDP: about EUR **8.9** billion (2.4% AT)
- ▶ Economic focus: **tourism**



Burgenland Court of Audit

- ▶ Founding year: 2002
- ▶ 11 auditors (average age 42 years)
- ▶ Specialist skills:
 - 2 x law,
 - 7 x business administration,
 - 1 x business administration/construction technology,
 - 1 x business administration/environmental and energy technology,
information technology

Burgenland Court of Audit

- ▶ Audit authorization (simplified):

State of Burgenland and 170 municipalities/cities (local authority itself including direct and indirect companies or company holdings, institutions, foundations, funds)

- ▶ Audit performance (2021):

21 processed audits

12 published audit reports with 589 findings and 333 recommendations

Data sources

- ▶ **Hybrid of digital and physical data**

missing connections or different/changed storage locations

- ▶ **Digital data systems**

different systems for data management (ELAK)

- outdated, non-relational database systems
- none with connectors for audit systems
- large-scaled data exports (everything) necessary

Data protection

- ▶ **both** - audited organisation and auditor must take **all** to ensure a level of security appropriate to the risk (Art. 32 GDPR: security of processing)
- ▶ Personal (sensitive!) data and also company data can be included unintended in direct access or transfer.

Data access

- ▶ Systems are **not** auditable (auditor access)
 - the customizing of systems destroy internal system test routines
 - missing documentation of changes and their quality controls

- ▶ No **independent and comprehensive** data access
 - no direct data export
 - poor performance
 - extensive IT skills required to access data

Data quality

- ▶ Data quality due to missing input validation routines
 - incomplete
 - incorrect in terms of content
 - originality/change not comprehensible

- authenticity ???
- additional plausibility checks necessary

Data analysis

- ▶ previous findings on data quality
 - no samples but complete data analysis
 - analysis software: Caseware **IDEA**
 - multiple occupancy analysis
 - gap analysis
 - creation analysis
 - Benford's Law

Data processing

▶ Security of processing

Demand for permanent assurance of confidentiality, integrity, availability and resilience of the systems and services in connection with data-processing:

- IT equipment up to date!
- special IT training for auditors
- in case of changes in the system:

Timely coordination of auditability between organization and auditor

Data encryption

- ▶ Only key holders have access!
 - central key management
- ▶ data storage and also communication
 - effects on performance, test process

Data storage/backup

- ▶ Definition storage period
 - until treatment by the supervisory board
 - reasons for keeping it longer can be:
 - follow-up audits
 - civil court evidence
- ▶ storage ≠ backup
 - storage = permanent access to data
 - backup = access to data after dedicated recovery!

Data deletion/destruction

- ▶ data deletion ≠ data destruction

Recovery of data (by everyone) in form of

- deletion ... possible
- destruction ... **impossible**

→ technical precautions for different treatment of data after their use

Summary challenges

Integrative view of the entire audit process is necessary

From planning to the end of the audit:

Digital traces always remain!