

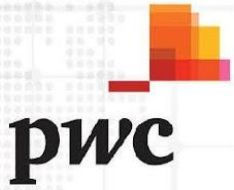


pwC

WELCOME

**בקרה פנימית ו-SOX
בעולם הדיגיטל**





Regulatory (PCAOB & SEC) Hot Topics

PCAOB

- Management's controls for key reports not subject to ITGCs
- Automated control testing procedures
- Risk assessment and understanding the end-to-end process
- Sufficiency and appropriateness of audit evidence
 - Evidence of design and implementation of controls beyond inquiry, regardless of planned controls reliance
 - Evidence of design and operating effectiveness testing of review controls
- DevOps & agile development methodology

SEC

- Climate disclosure proposal
 - [SEC climate disclosures and your company](#)
- Cybersecurity disclosure proposal
 - [How CISOs and boards can prepare for the new era of cyber transparency](#)



Key Reports



- Key reports represent **system-generated information** that is used in either of the following:
 - Used as part of the **execution of management’s controls**
 - Used solely by the auditor in **substantive and controls testing**
- Management’s responsibility for controls over completeness and accuracy **vary depending on how the report is used**
- Considerations related to the reliability of the report include the following:
 - Completeness and accuracy of the **coding logic of the report**
 - Completeness, accuracy, and validity of the **source data**
 - Appropriateness of **input parameters** to achieve the report’s intended purpose
 - Controls related to **modifiable report outputs** (i.e., those exported to excel)
- It is important to distinguish between whether the report is generated directly from the **application user interface or a separate reporting tool** (i.e., BI reporting tool)



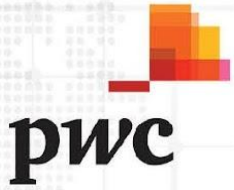


Key Reports

- Controls and testing responsibilities for both management and the auditor **very depending on the type of report**, as described below:

Assessing the reliability of key reports		
Report Type	Management’s Procedures 1	Engagement Team’s Procedures
Standard Report (“Canned”)	<ul style="list-style-type: none"> • Testing over the system implementation and/or change management • Changes subject to the entity’s ongoing change management controls and effective ITGCs • If input parameters are used, verification of the input parameters used to generate the report each time the report is used 	<ul style="list-style-type: none"> • Validation a report is a standard report, including verification there were no changes to the report since system implementation • Testing ITGCs (or other means) to support the report continues to function as intended • If input parameters are used, verify the input parameters each time the report is used to support our testing
Customized Report or Query (Subject to ITGCs)	<ul style="list-style-type: none"> • Initial user acceptance testing • Changes subject to the entity’s ongoing change management controls and effective ITGCs • If input parameters are used, verification of the input parameters used to generate the report each time the report is used 	<ul style="list-style-type: none"> • Testing the accuracy and completeness of the report logic • Testing ITGCs to support the continued reliability of the report • If input parameters are used, verify the input parameters each time the report is used to support our testing
Customized Report or Query (Not Subject to ITGCs)	<ul style="list-style-type: none"> • Specific procedures to address the accuracy and completeness of the customized report/query each time it is extracted from the system and used in the execution of a control including, but not limited to, verification of the parameters used to run the customized report/query 	<ul style="list-style-type: none"> • Testing the accuracy and completeness of the report logic each time it is used to support our testing including, but not limited to, verification of the input parameters used to run the report





Key Reports

- Examples of procedures that can be performed over **key reports not subject to ITGCs** include the following:
 - Tie-out procedures between the report and **other reports previously tested** for completeness and accuracy and subject to ITGC.
 - Tie-out procedures to **underlying source documents**.
 - **Reviews of the underlying SQL queries** to assess data sources used, filters applied, and other logic applied to the underlying source data
 - Footing the report and **agreeing the total to the audited trial balance** (completeness only).



Automated Controls & Calculations

- Automated controls represent where management has developed **automated functionality within information systems** that prevent likely sources of potential misstatements from occurring.
- Automated calculations represent **complex calculations** that are determined within information systems based on a variety of inputs.
- Automated controls and calculations may be driven within the application either through **predefined configuration settings** or be 'hard-coded' in the **application source code**.



Automated Controls & Calculations

- Testing of automated controls and calculations require the auditor to identify and evaluate the **effectiveness of each iteration of the control**.
- An iteration of a control is when an automated control is **programmed to operate differently** depending upon certain facts and/or inputs.
- Our understanding of iterations begins with determining all of the factors and inputs that can vary related to the automated control or calculation. However, all iterations **may not be relevant to the audit**.
- It is often necessary to test **more than one transaction** to see all important aspects of the control operate.
- It may be more effective or efficient (or both) to test certain automated application controls ("through the system" such as by directly **examining a configuration setting** in the application.





Automated Controls & Calculations

- Other questions to ask when evaluating automated controls include the following:
 1. Can we demonstrate our **understanding of how that functionality works** in the system?
 - a. This should be obtained during our business process walkthrough procedures by obtaining detailed annotated screenshots.
 2. Do we have an understanding of **how changes are made** to the configurations including who has access to make those changes? Do these changes follow a standard program change process?
 3. Have we evaluated if the configuration has **changed during the audit period**?
 4. Based on the identification of relevant iterations and testing requirements, is it more efficient or effective to evaluate the automated control through the **use of manual control testing procedures**?





pwc

Thank you

בקרה פנימית ו-SOX
בעולם הדיגיטל

