

Dear Q&A

Is it good audit practice to perform a technology audit remotely without going onsite?

This resource reflects the 'Global Internal Audit Standards' published in 2024

Further information

A contracted service provider firm is suggesting audits of IT general controls and cybersecurity can be performed by a specialist technology auditor located in another Australian State without coming into the client's office.

Answer

Remote auditing is where an auditor uses technology to perform an audit without visiting the building where the audit client is located. The auditor uses technology to gather audit evidence to review conformity to audit criteria. This may be documents and electronic data via screen sharing. It can also be used for online discussions, opening and closing audit meetings, and in some cases site inspections. Be aware, however, that checking of a physical item, or validation of data against the real world, is less reliable remotely than when the auditor is present.

Remote auditing can be a cost-effective way of collecting evidence. There has long been the opportunity to use remote auditing in internal auditing, ISO management system audits or external audits. While some auditors may have dabbled in remote auditing, it was not widespread until the Covid-19 pandemic emptied offices and forced people to work from home.

According to Standard 14.1 'Gathering Information for Analyses and Evaluation' the internal auditor is required to gather information that is:

- *Relevant – consistent with engagement objectives, within the scope of the engagement, and contributes to the development of engagement results.*
- *Reliable – factual and current. Internal auditors use professional skepticism to evaluate whether information is reliable. Reliability is strengthened when the information is:*
 - *Obtained directly by an internal auditor or from an independent source.*
 - *Corroborated.*
 - *Gathered from a system with effective governance, risk management, and control processes.*
- *Sufficient – when it enables internal auditors to perform analyses and complete evaluations and can enable a prudent, informed, and competent person to repeat the engagement work program and reach the same conclusions as the internal auditor.*

The same standard imposes the obligation that the internal auditor must evaluate whether the information is “sufficient such that analyses provide a reasonable basis upon which to formulate potential engagement findings and conclusions”.

This means that it is up to the judgement of the internal auditor whether the engagement can effectively be performed remotely. However, Standard 12.3 'Oversee and Improve Engagement Performance' states that “the chief audit executive (CAE) is responsible for supervising engagements, whether the engagement work is performed by the internal audit staff or by other service providers”. While this Standard allows that the CAE may delegate this role to an appropriate individual, it is still within the authority of the CAE to require that the auditor demonstrate that their evidence is relevant, reliable and sufficient.

In short, the answer is that such audits may be performed remotely, but it is within the authority of the CAE to require that the auditor demonstrate that their evidence supports any conclusions.