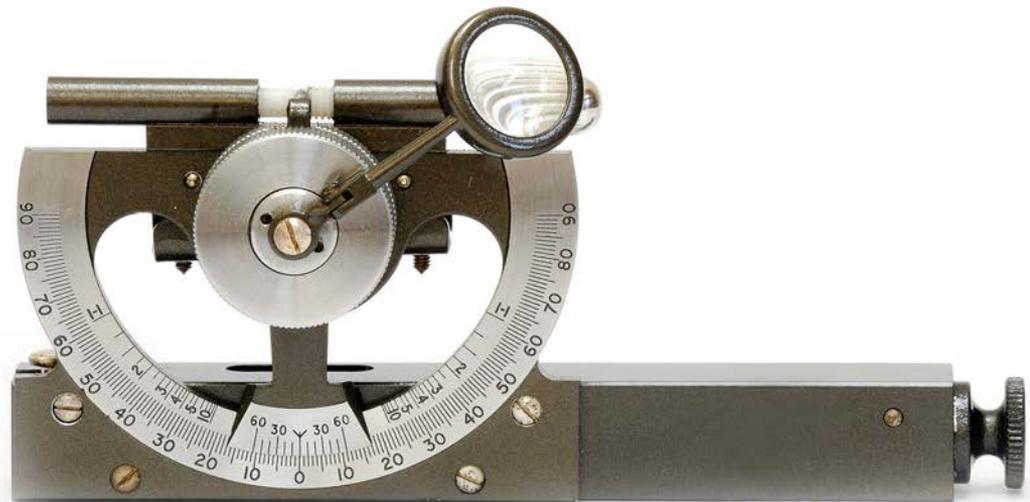




2014 Survey of IT Internal Audit practices in the Luxembourg financial sector

Capturing insight

October 2014



Preface

We are delighted to present the inaugural Deloitte Luxembourg ‘2014 Survey of IT Internal Audit practices in the Luxembourg financial sector’. Respondents to the survey include local banks as well as “Primary IT systems operators” Support PSFs.

Technology is a critical component of any operation and a key enabler for achieving business objectives. From that perspective and considering recent changes in the regulatory environment, notably CSSF Circular 12/552 on central administration, internal governance and risk management, and Circular 12/544 on the optimisation of the supervision of Support PSFs by risk-based approach, we thought it was time to capture insights on the local practices of Internal Audit functions to evaluate and improve Information Technology risk management, control, and governance.

We hope you find this report both helpful and insightful in benchmarking your Internal Audit function and that it assists you in developing coverage of risks related to IT.

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Contents

Scope and objectives	4
Internal Audit Function	5
IT Internal Audit Function	6
IT Function	8
Audit Universe	9
IT Internal Audit Plan	11
IT audit assignments	12
IT audit role	13

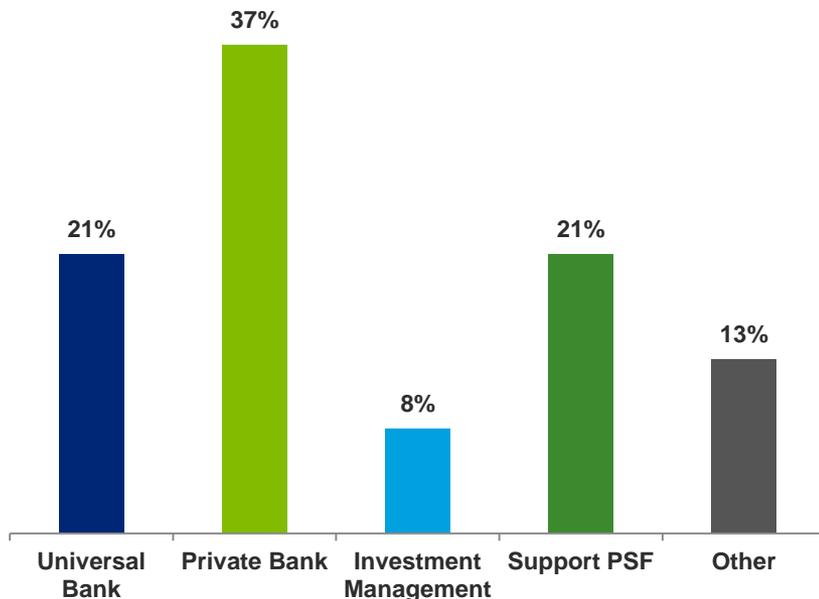
Scope and objectives

Deloitte Luxembourg launched the '2014 Survey of IT Internal Audit practices in the Luxembourg financial sector' in order to characterise how Luxembourg Banks and Support PSFs view, implement and maintain internal auditing of Information Technology

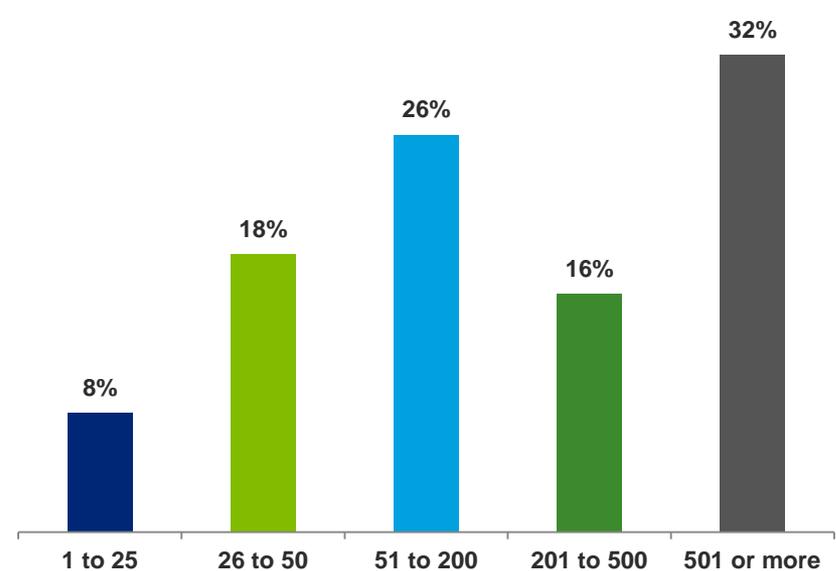
Answers were collected via written questionnaires between February and April 2014

Approx. 80% of the 38 respondents are banks with employees ranging between ~20 and 2,000+ (580 on average); the remainder are Support PSFs (art. 29-3) with employees ranging between ~20 and 500+ (240 on average)

Which of the options below best describes your primary business?



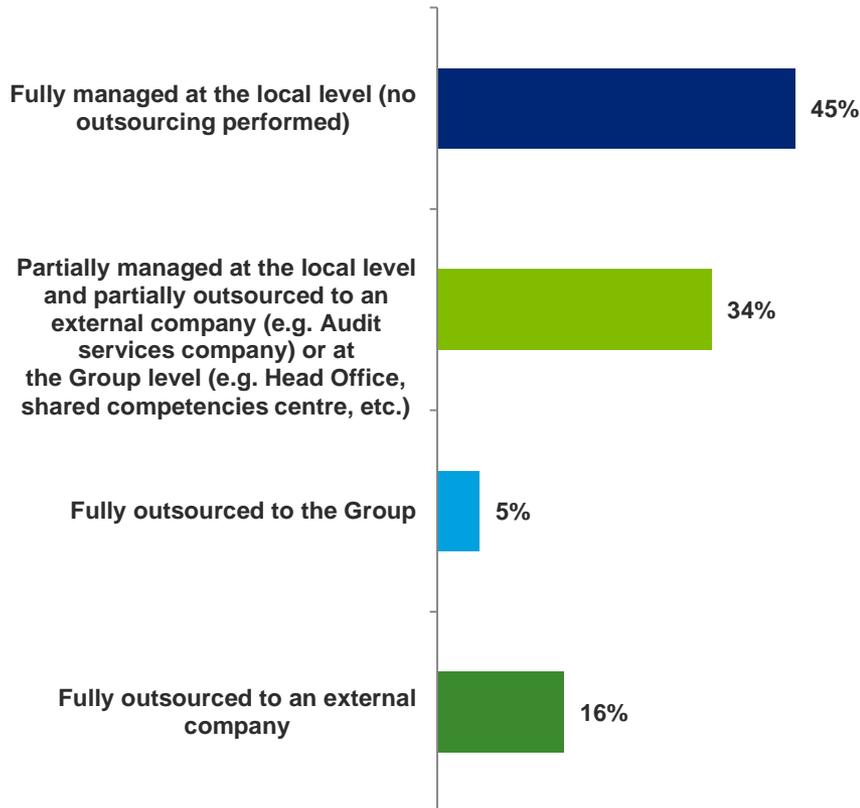
Number of employees in your organisation at the local level:



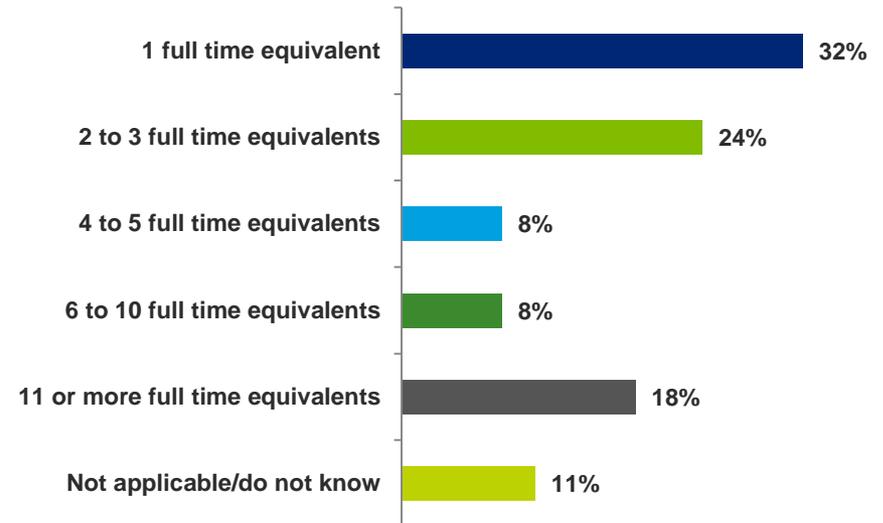
Internal Audit Function

Almost half (45%) of the respondents fully manage their Internal Audit function locally with another third (34%) of respondents recouring to partial outsourcing to an external company or their parent group

Our internal audit function is:



How many internal auditors* (including IT auditors) does your organisation have at the local level?



Number of internal auditors* (including IT auditors) vs. average number of employees at the local level:

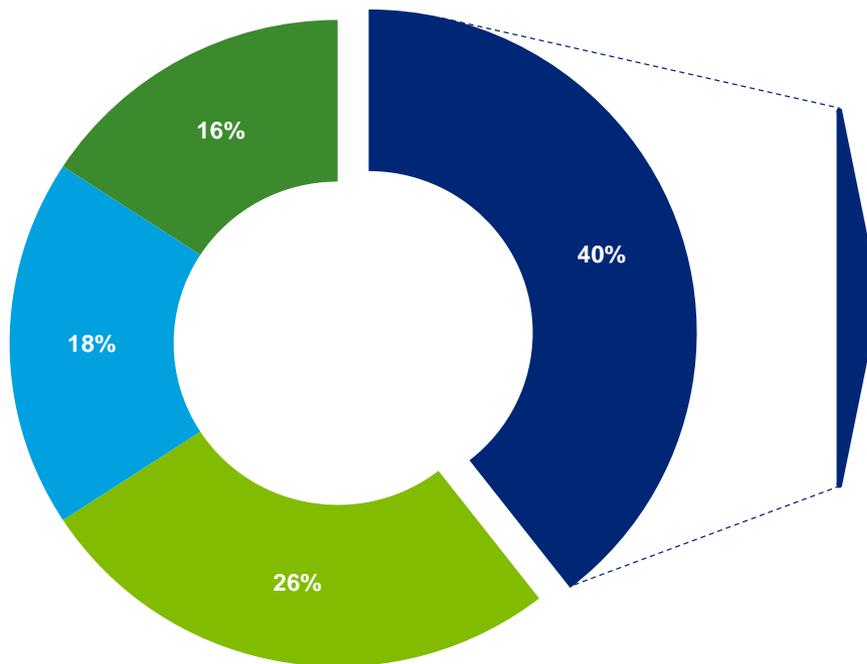
1 full time equivalent	58
2 to 3 full time equivalents	110
4 to 5 full time equivalents	460
6 to 10 full time equivalents	550
11 or more full time equivalents	1.841

IT Internal Audit Function

The vast majority (84%) of respondents have access to IT auditors either via their local staff, their parent group, or an external company

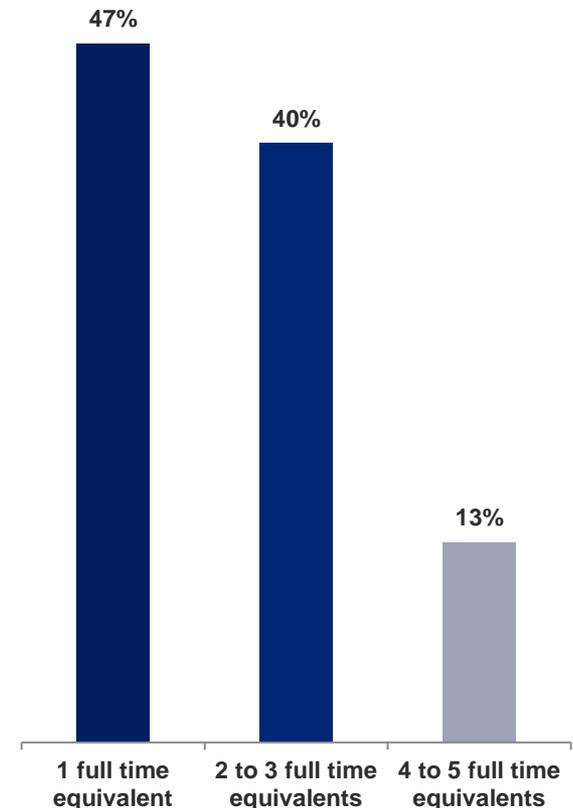
Nearly 19% of respondents have 1 local full time equivalent in charge of IT audit

Do you have Information Technology (IT) auditors within your organisation?



■ Yes, at the local level ■ Yes, at the Group level ■ Yes, via an external company ■ No

How many IT auditors* does your organisation have at the local level?



IT Internal Audit Function (cont'd)

The following provides more details on the sourcing of IT auditors depending on the size of respondents' organisations

Availability of Information Technology (IT) auditors to the organisation vs. number of employees at the local level:

	1 to 25	26 to 50	51 to 200	201 to 500	501 or more
Yes, at the local level	0%	0%	30%	50%	75%
Yes, at the Group level	33%	14%	30%	50%	17%
Yes, via an external company	33%	43%	20%	0%	8%
No	33%	43%	20%	0%	0%

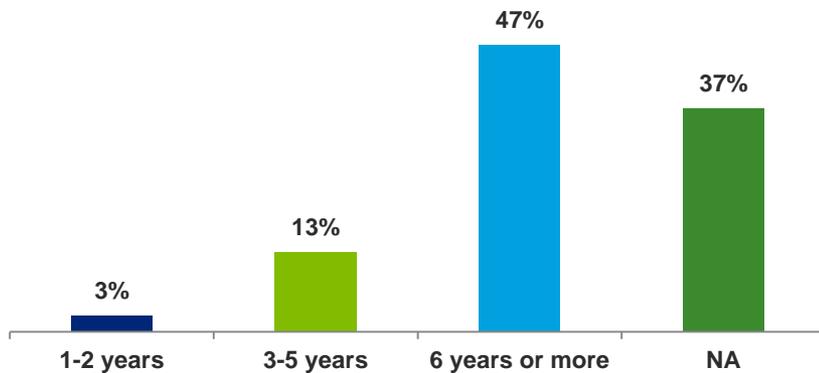
Presence of Information Technology (IT) auditors* at the local level vs. number of employees:

	51 to 200	201 to 500	501 or more
1 full time equivalent	100%	33%	33%
2 to 3 full time equivalents	0%	67%	44%
4 to 5 full time equivalents	0%	0%	22%

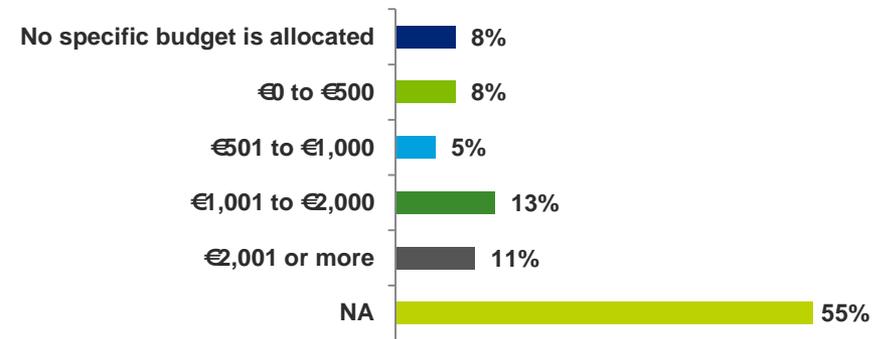
IT Internal Audit Function (cont'd)

For those respondents having access to IT auditors, they generally have 6 years or more of experience and hold the CISA professional certification. The typical annual budget allocated to training and certifications is in the range of €1,001 to €2,000

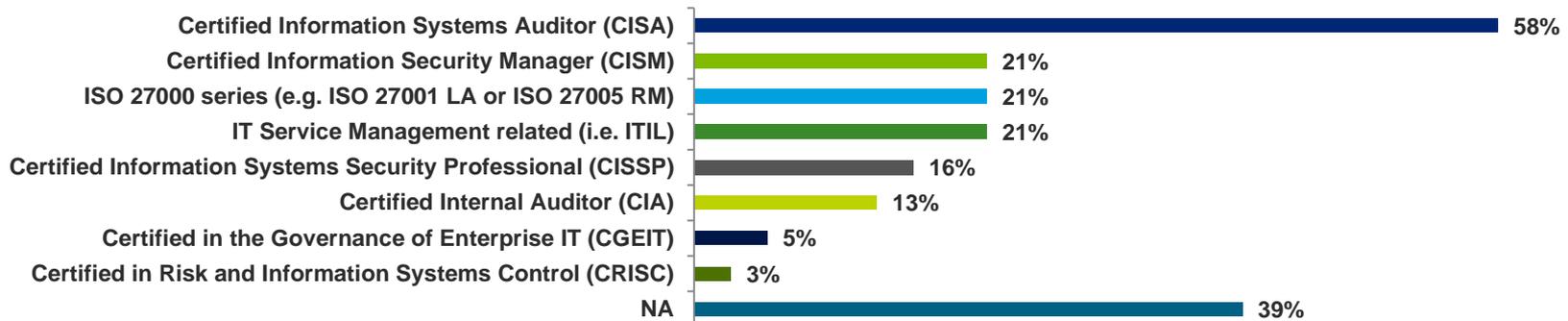
What is the average years of IT audit experience* of your IT auditor(s)?



What is the average annual budget† allocated to trainings/certifications for your IT auditor(s)?



What are the professional certifications passed by your IT auditor(s)?



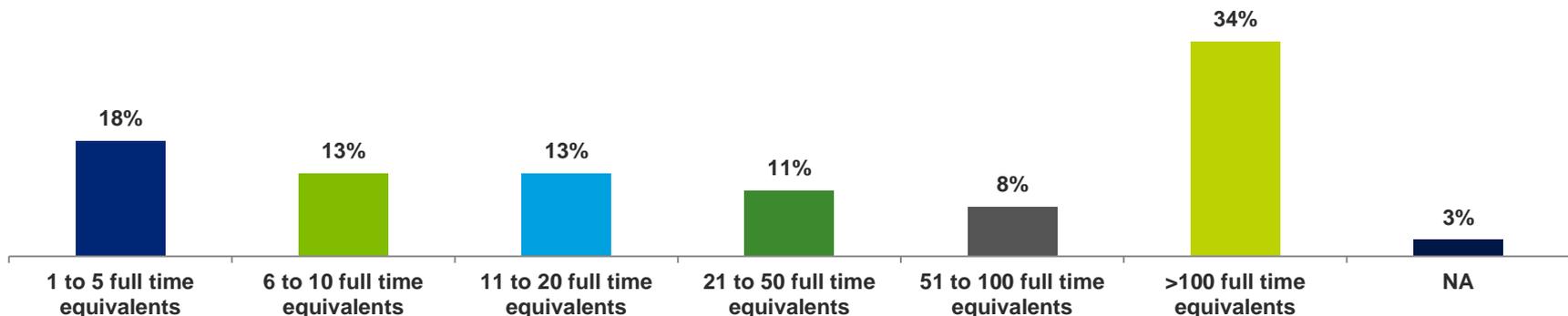
IT Function

Most respondents fully perform locally IT system management/operation activities and IT hosting services, and partially outsource IT consulting, development and maintenance activities; a third of respondents have an IT Function of +100 FTEs

Which options below best describes your IT function's activities?

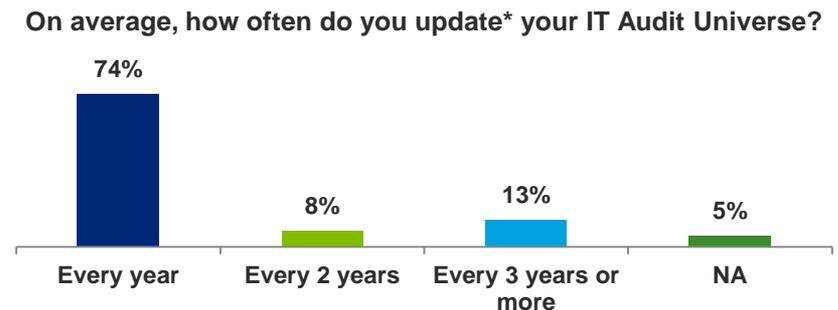
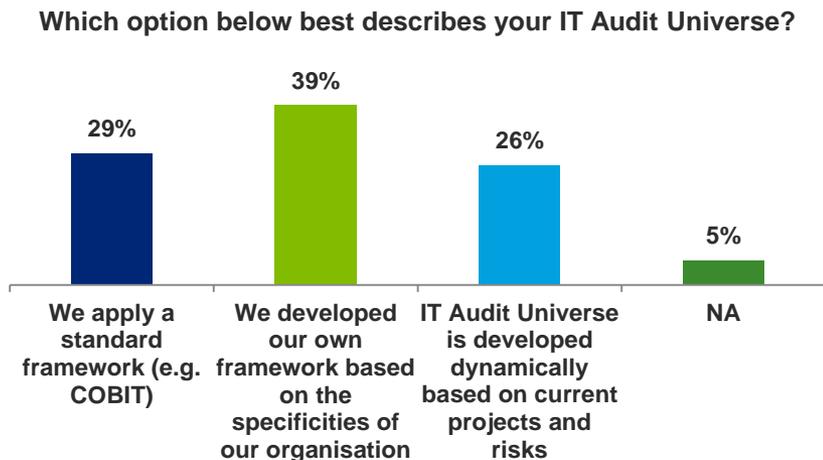
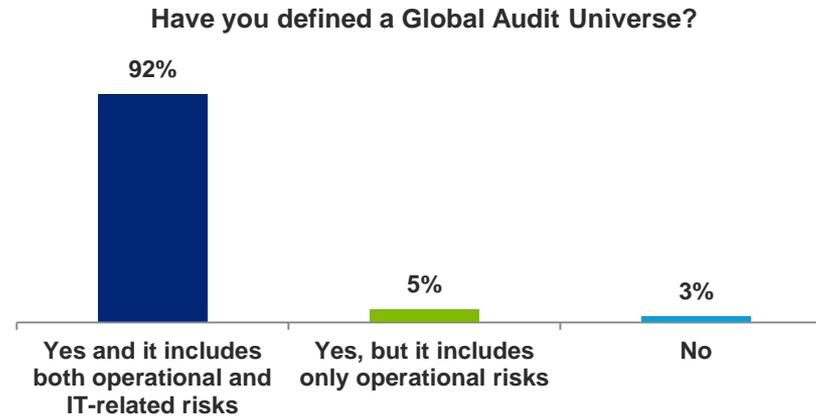
	Fully managed at the local level	Partially outsourced (to the Group or a Support PSF)	Fully outsourced at the Group level	Fully outsourced to a Support PSF	Not applicable/ do not know
IT system management/operation activities are	58%	37%	3%	3%	0%
IT consulting, development and maintenance activities are	34%	61%	5%	0%	0%
IT hosting services are	50%	32%	3%	13%	3%

How many IT professionals* does your organisation have locally?



Audit Universe

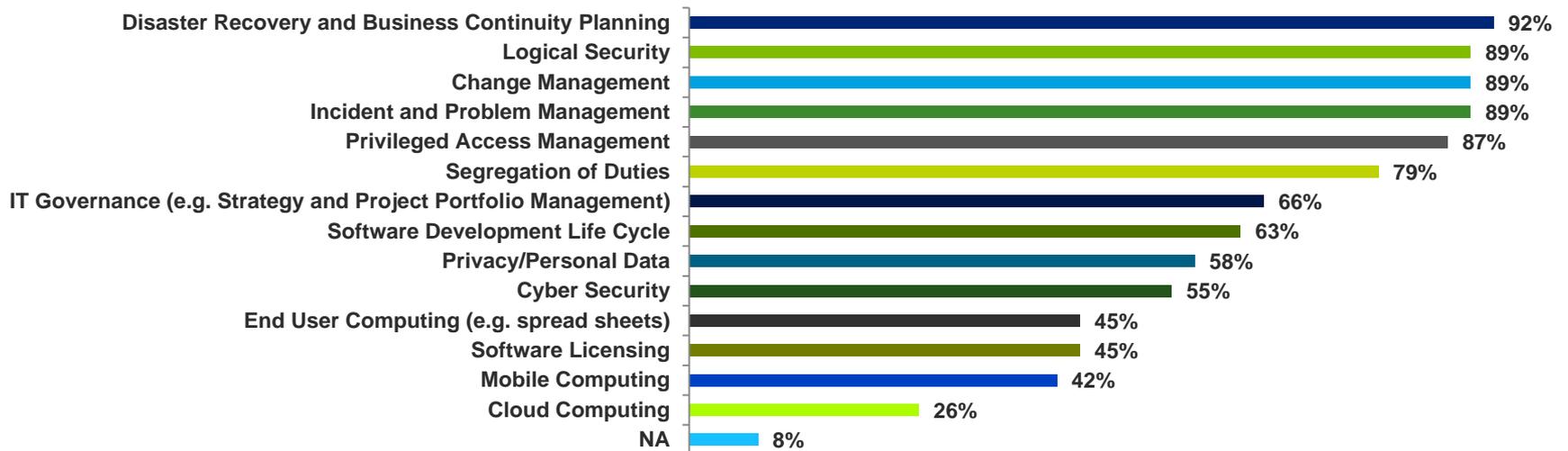
While the vast majority of respondents have defined a Global Audit Universe including IT-related risks which is updated yearly, less than one third (29%) of respondents base their IT Audit Universe on a standard framework such as COBIT



Audit Universe (cont'd)

In their IT Audit Universes, fewer respondents address cloud computing, mobile computing, software licensing, end user computing, and controls exercised by outsourcers (either via on-site controls or reliance on third party assurance)

Which of the domains below are included in your IT Audit Universe?



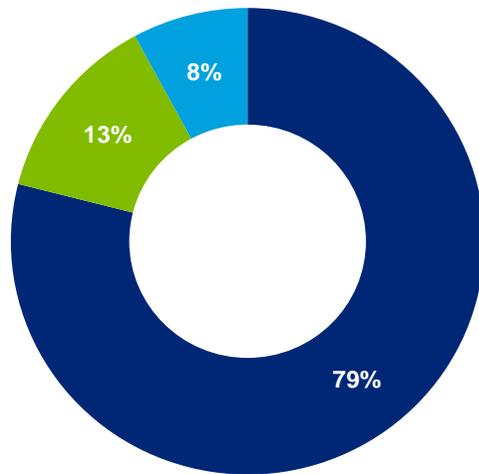
With respect to the outsourcing domain, which of the elements below are included in your IT Audit Universe?



IT Internal Audit Plan

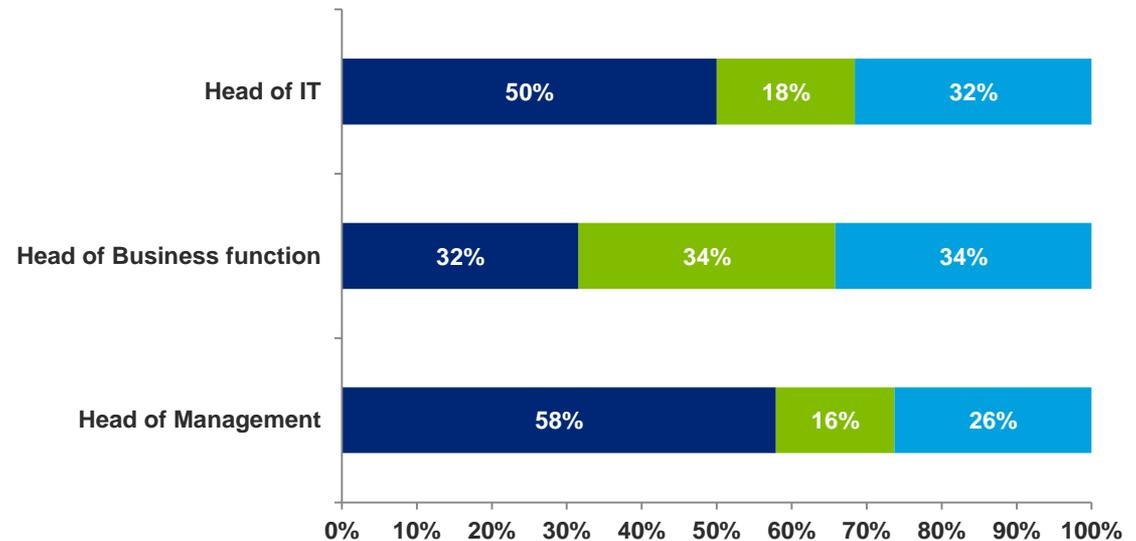
The vast majority of respondents have a duly approved pluriannual IT Internal Audit plan; half of the respondents consult their Head of IT and Head of Management in setting up this plan

Do you have a duly approved pluriannual IT Internal Audit Plan?



■ Yes ■ No ■ NA

Which of the following executives are involved in the setup of the IT Internal Audit Plan (e.g. to identify key risks, etc.)?

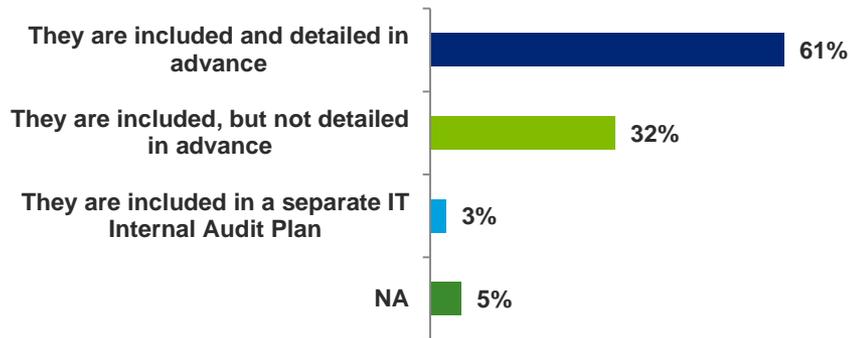


■ Yes ■ No ■ Not applicable/do not know

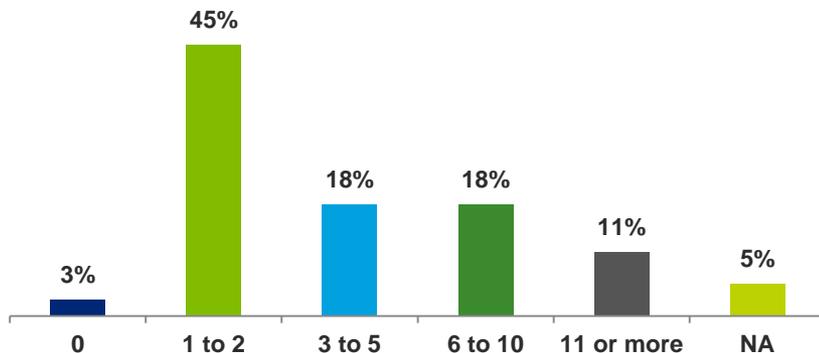
IT audit assignments

A majority of respondents include and detail in advance IT audit assignments in the Global Internal Audit Plan; they also have some level of integration between Operational and IT internal audit assignments

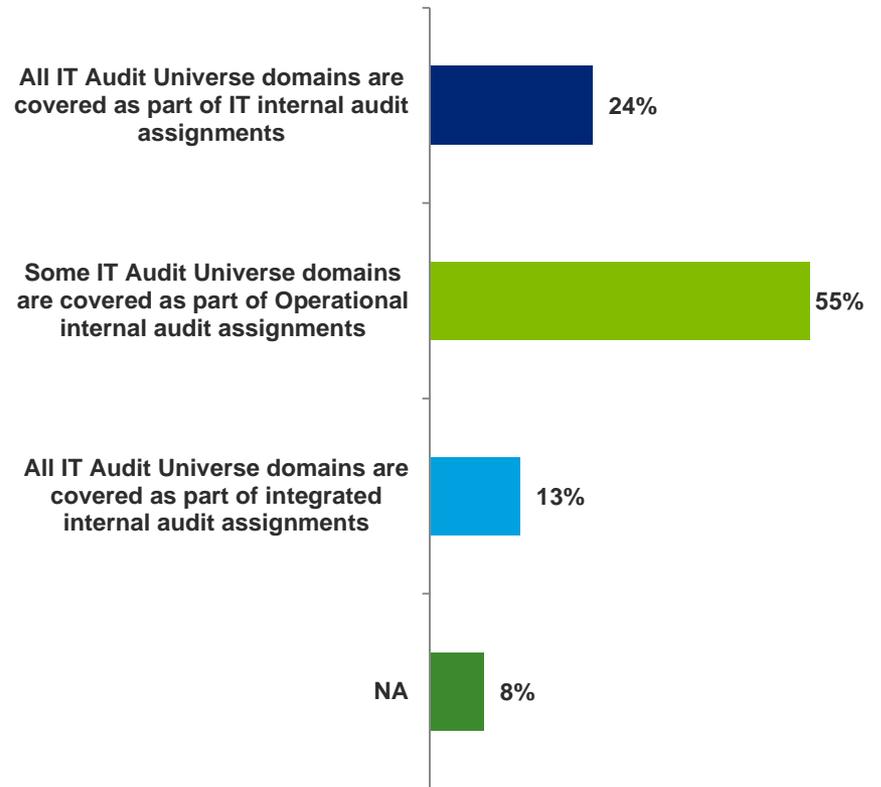
How are "IT audit assignments" included in the Global Internal Audit Plan?



On average, how many IT audit assignments do you perform every year?



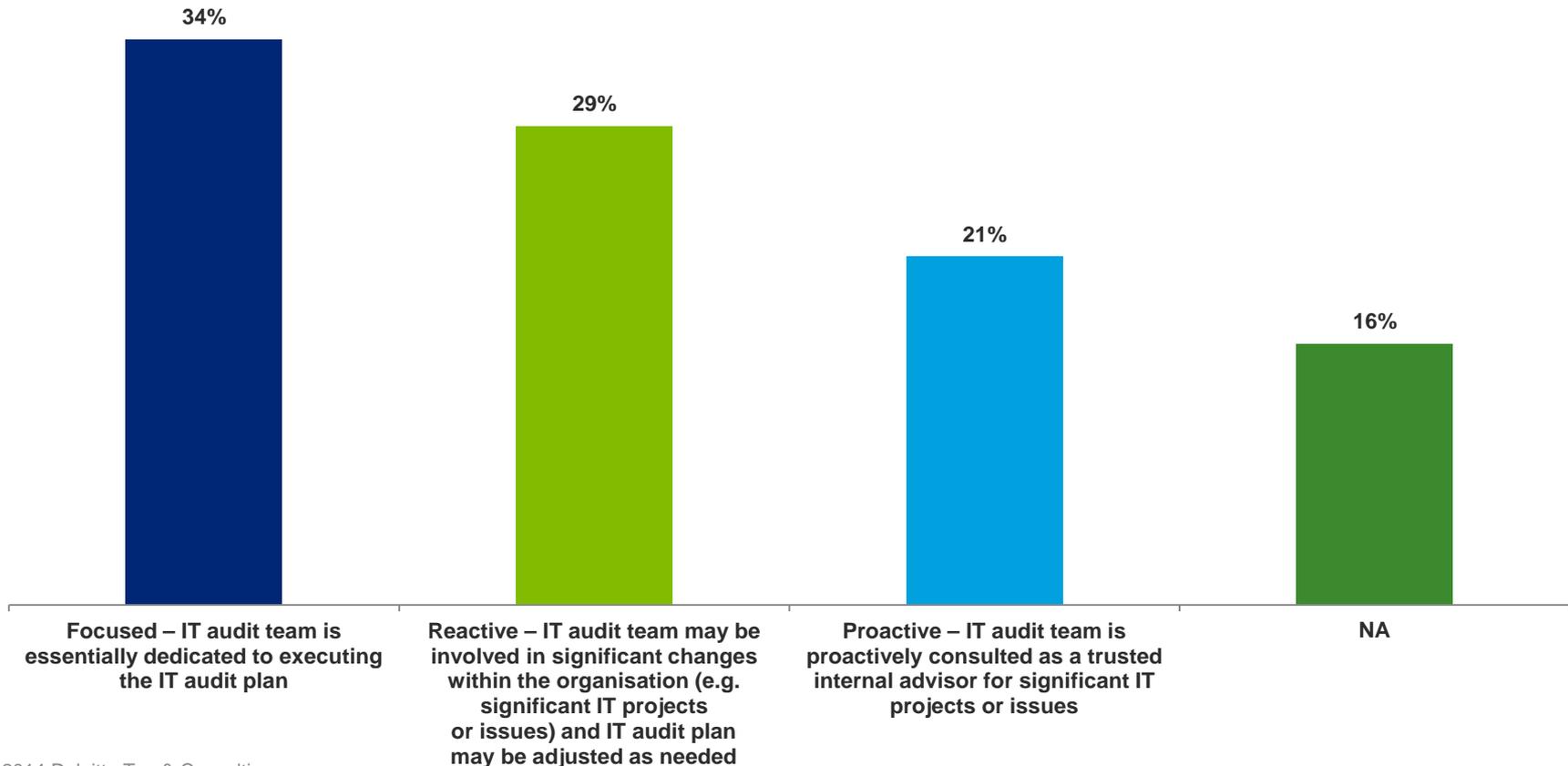
What best describes the integration between Operational and IT internal audit assignments?



IT audit role

Few respondents have an IT audit team which is proactively consulted as a trusted internal advisor for significant IT projects or issues whereas the Institute of Internal Auditors' standards plan for performance of consulting engagements

Which of the following options best describes the role of the IT audit function within your organisation?



Key contacts

For more information on the '2014 Survey of IT Internal Audit practices in the Luxembourg financial sector', or on our services in the field of internal audit outsourcing/cosourcing, please contact:

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