

Wiley Corporate F&A



IT AUDITING AND APPLICATION CONTROLS

FOR SMALL AND MID-SIZED ENTERPRISES

Revenue, Expenditure, Inventory,
Payroll, and More

JASON WOOD WILLIAM BROWN HARRY HOWE

WILEY

IT Auditing and Application Controls for Small and Mid-Sized Enterprises

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WILLIAM BROWN

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Preface

RISK IS INEVITABLE. AS AUDITORS, we help our clients manage their risk by performing audits and other assessments. Our work helps the client understand the nature and extent of risks that exist in the control environment. Information technology (IT) controls are a key aspect of that control environment—albeit one that may be less familiar to the auditor than the purely accounting and financial dimensions. The purpose of this book is to illustrate and explain many of the basic IT controls common to the types of reporting systems used by small and mid-sized enterprises (SMEs), and to help financial auditors to provide better services to their clients in the context of application controls.

Historically, IT auditing has not been given the attention it deserves in regard to the financial audit. With an increase in governmental regulations and corporate boards realizing the importance of IT, IT auditing has risen to a level where every company, private or public or nonprofit, regardless of size, needs to understand the risks and controls around their financial applications.

This book is useful for various audiences, including students, academics, practitioners, auditors, and management. It discusses the purpose of information technology auditing, and how it relates to the financial audit. Using QuickBooks (QB) and Microsoft Great Plains Dynamics (also referred to as Microsoft Dynamics GP, GPD, or Great Plains) as illustrative examples of financial applications within SMEs, the book walks through various financial statement cycles to help the reader better understand cycle risks, controls, and illustrative application-level controls. This book is not meant to be exhaustive on the subject matter, but gives executive-level insights into IT auditing and application-level controls for SMEs.

We hope to provide some meaningful insights on the importance of understanding IT risks and controls and how they relate to financial applications.

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