annual report

2010

Centre for
Information Integrity and
Information Systems Assurance

identify, create and deliver
support, promote and communicate

UNIVERSITY OF WATERLOO
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BOARD OF DIRECTORS

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*Theophanis Stratopoulos, PhD*

Assistant Professor of Information Systems, University of Waterloo

*Bryan Walker, CA*

Director, Guidance and Support, Canadian Institute of Chartered Accountants
Mission Statement

The University of Waterloo Centre for Information Integrity and Information Systems Assurance (UWCISA) seeks to identify, create and deliver research addressing information integrity and information systems governance, control and assurance issues; to support and promote the delivery of educational activities and materials related to such issues; to communicate and promote information integrity, information systems governance, control and assurance issues that are important to professionals working in these areas; and to support and promote interaction on those issues among practitioners, educators and students.

Background

UWCISA is an administrative sub-unit within the Centre for Accounting Research and Education (CARE) at the University of Waterloo. UWCISA was established in 1998 by three founding sponsors: the University of Waterloo School of Accounting and Finance, the Canadian Institute of Chartered Accountants, and the Information Systems Audit and Control Association. CaseWare IDEA Inc. joined the sponsor group on January 1, 2006. The sponsors’ objective is to improve the quality of education; to increase dialogue between practitioners and academics; to improve use in practice; to expand research in information integrity and information systems assurance, governance and control; and to foster a continuing, close working relationship among the sponsors and other partners with an interest in information integrity and information systems governance, control and assurance. The Centre invites and welcomes new partners to share in its mission.
Director's Message

Centre for Information Integrity and Information Systems Assurance

To the Board of Directors:

I am pleased to present this report on the operations and activities of the University of Waterloo Centre for Information Integrity and Information Systems Assurance during 2010, our thirteenth year of operation.

This year marks the third year in a renewed five-year funding commitment by the Centre's sponsors for the period 2008-2012, inclusive.

During the year, we continued our thought leadership role through service on the CICA's Information Technology Advisory Committee (ITAC), the Trust Services/Data Level Assurance Task Force of the AICPA, and both the International Assurance and International Academic Committees of XBRL. We held a workshop on Computer-Assisted Audit Techniques along with XBRL-Canada and CICA's Information Technology Advisory Committee (ITAC) and completed the 15th edition of Computer Control & Audit Guide. We also continued our research activities related to information integrity, IT governance, online privacy, XBRL and data level assurance and presented our research at a number of conferences as detailed in the report. During the year, we saw a number of publications result from these efforts as detailed in this report. Our work in progress includes projects addressing IT governance, IT controls, online privacy, XBRL, information integrity, and data level assurance.

We continue to welcome new partners to share in our mission. I thank the Centre's Board Members and founding sponsors for their continued support. I look forward to working closely with all of you in future.

Respectfully,

J.E. Boritz, PhD, FCA, CA•CISA, CA•IT
Director
Operations and Activities for 2010

HOSTING THE CENTRE’S WEBSITE AND IS ASSURANCE WEBLOG

UWCISA’s website, arts.uwaterloo.ca/ACCT/uwcisa, serves as the Centre’s ISA Portal. It includes calls for papers and research proposals, a chat room, a resources section, a number of links and downloadables.

UWCISA’s Annual Reports are posted to the website and summarize the Centre’s year-by-year activities. As is the custom, these reports are disseminated both electronically and in hardcopy formats.

Articles in ISACA’s Toronto Chapter Newsletter have been used to communicate UWCISA’s activities to Chapter members.

Gerald Trites has been maintaining our blog at uwcisa-assurance.blogspot.com. Our website has been expanded with Theophanis Stratopoulos’ initiative to also host part of the LinkedIn network. This social network gives us an opportunity to share information (like the flyer for the Symposium) with people who would not normally be closely tied to our Centre.

During the year we began exploring the use of video podcasts with Robert Parker’s six-part environmental scan available at accounting.uwaterloo.ca/uwcisa/resources/videos.htm.

FUNDING AND SUPPORTING CURRENT AND FUTURE ACTIVITIES

UWCISA’s funding comes from operating grants provided by our generous sponsors, research grants from various agencies and publication revenues. UWCISA is exploring new fundraising options to help the Centre establish a full-time staff to conduct its research, education and outreach activities on a long term, sustainable basis.

We welcome new partners to help us achieve the Centre’s mission.

“THOUGHT LEADERSHIP”

The Centre provided thought leadership in several areas during 2010.

INFORMATION TECHNOLOGY ADVISORY COMMITTEE

The Director is a member of CICA’s ITAC (Information Technology Advisory Committee) and completed his service on the Board of the CICA’s IT Alliance. Information is available at: www.cica.ca/research-and-guidance/it-advisory-committee/index.aspx

INFORMATION INTEGRITY

- Co-sponsor of the Excellence in Information Integrity Awards by Information Integrity Coalition/Infogix in Chicago, Naperville, IL, July 31, 2010.

- Sensitivity to Attributes of Information Integrity. Objective: To understand how Information Integrity affects the use of performance evaluation scorecards. Research team is Efrim Boritz and Leslie Berger. Funded by SAP/CAAA grant. It is currently being prepared for journal submission.

- Information Integrity Control Guidelines. Project team is Efrim Boritz and Malik Datardina. Funding is being provided by CICA.
• The Director is a member of the AICPA’s data integrity task force. This Group is developing criteria for assessing and reporting on the integrity of data.

IT GOVERNANCE
Research team is Jee-Hae Lim and Efrim Boritz.

• IT Control Weaknesses, IT Governance and Firm Performance. It is currently being revised for publication.

• Impact of Top Management’s IT Knowledge and IT Governance Mechanisms on Financial Performance. It is currently being revised for publication.

• Are there Consequences for Executives who Permit Material Weaknesses in Financial Reporting Systems? Received SSHRC Grant for 2010-2013.

INTERNAL CONTROL
Research team is Efrim Boritz, Jee-Hae Lim and Louise Hayes.

• What do IT Control Weaknesses Tell Us About Financial Reporting Systems? This paper was presented at the AAA-IS mid-year meeting in Clearwater, FL, January 2010, the European Accounting Association Conference in Istanbul May 2010, the CAAA Annual Conference in Vancouver May 2010 and the American Accounting Association Conference in San Francisco July 2010.

ONLINE PRIVACY
Research team is Won Gyun No, Iowa State University and Efrim Boritz.

• Internet Privacy: Framework, Review and Opportunities for Future Research. This paper was accepted for publication in the AAA’s Journal of Information Systems and is forthcoming in 2011.

The following working papers are in progress:

• The Effect of Involvement and Privacy Policy Disclosure on Individuals’ Privacy Behaviour. Presented at the AAA IS section mid-year conference, Redondo Beach, CA, January 2008. It is being prepared for journal submission.


• Do Companies’ Privacy Policies Match Customers’ Needs? Presented at the CAAA conference in Winnipeg, May 2008 and the AAA conference in Anaheim, August 2008. It is being prepared for journal submission.


Copies are available on the UWCISA’s website.

XBRL/XARL
The Director participated in meetings and a panel at the XBRL International Conference in Beijing, October 19-21, 2010.

Research team is Joung W. Kim, Nova Southwestern University, Jee-Hae Lim, University of Waterloo and Won Gyun No, Iowa State University.

• The Effect of XBRL Disclosures on Information Environment in the Market. This paper was presented at the XBRL International Conference in Beijing, October 19-21, 2010.
Research team is Efrim Boritz and Won Gyun No, Iowa State University.


SYSTRUST

The Director is serving on the AICPA/CICA task force to update SysTrust/Information Integrity Standards.

Research team is Efrim Boritz and Louise Hayes.

- Whatever Happened to WebTrust and SysTrust? The purpose of this project is to produce a paper summarizing the current status of these assurance services. A review of literature and a structured interview guide have been prepared to use in gathering data for the paper. To be completed in 2011.

DATA LEVEL ASSURANCE

This is a joint project with Eric Cohen of PricewaterhouseCoopers. Work in progress.

CONTINUOUS MONITORING AND ASSURANCE

Research team is Malik Datardina and Efrim Boritz. A paper on Continuous Monitoring and Assurance was produced with funding from CaseWare IDEA Inc.

DOCUMENTING BEST PRACTICES

PRESENTATION METHODS TO SUPPORT BUSINESS RISK ASSESSMENTS

The purpose of this project is to:

- Summarize approaches to representing entity business models using diagrams for enhanced business risk analysis.

- Interview partners of major firms about how such diagrams could be used for risk assessment.

- Create hypotheses for testing findings in an experimental setting and submit for additional funding consideration to support such testing.

Research team for Phase 1 is Paulo Alencar (Computer Systems Group, University of Waterloo), Carla Carnaghan (University of Lethbridge) and Efrim Boritz, with support from Gary Baker. Approaches to Documenting Business Models, with Paulo Alencar and Carla Carnaghan, Manuscript, January 2008. Accepted for presentation at the ASAC annual conference May 24-27, 2008; ISAR Conference, May 30-31; CAAA annual meeting May 29-June 1, 2008; AAA annual meeting August 3-6, 2008.

Funding for this project is provided by the KPMG/University of Illinois Business Measurement Program.

SPONSORING RESEARCH SYMPOSIA, CONFERENCES WORKSHOPS

The Centre published a special issue of International Journal of Accounting Information Systems in June 2010, containing selected papers from UWCISA’s 2009 Symposium.
XBRL

An XBRL Audit workshop was jointly presented with XBRL-Canada and ITAC on October 7, 2010. It was attended by 21 practitioners.

SYSTRUST

A review of literature and a structured interview guide were prepared to use in gathering data for the paper “Whatever happened to WebTrust and SysTrust?” To be completed in 2011.

DEVELOPING COURSES, CASES, AND OTHER TEACHING MATERIAL

COMPUTER-ASSISTED AUDITING TECHNIQUES

A team led by alumnus Scott Shannon, a partner in Grant Thornton’s Hamilton, Ontario office, conducted a workshop on CaseWare’s IDEA software for University of Waterloo students.

OPERATING THE LEARNING CENTRE

UWCISA supported the development of professional development courses in IT Strategy and Business Process Enablement and Project Management.

SHARING MATERIAL WITH OTHER EDUCATORS

The UWCISA website contains the latest text, case materials and other items for various Centre-supported courses. In 2010 the Centre sold 200 copies of the 15th edition of its long-running publication, Computer Control and Audit Guide (CCAG).
Future Plans

In the next twelve months, UWCISA will maintain its current activities in research, education and communication, and will undertake new initiatives as well. Plans for each key category are outlined below.

HOSTING THE CENTRE’S WEBSITE AND IS ASSURANCE WEBLOG

- Robert Parker will provide an environmental scan for 2011 that will be posted on the UWCISA website in summer of 2011.
- Gerald Trites will continue to manage the IS Assurance blog on behalf of the UWCISA.
- LinkedIn Network will continue to be used.
- We will explore the use of wikis in the coming year.
- UWCISA plans to continue to improve the site in 2011. Your comments are welcome.

FUNDING AND SUPPORTING CURRENT AND FUTURE ACTIVITIES

UWCISA’s fundraising committee will continue seeking ways to expand the funding base for the Centre. We invite partners to join us in our mission to improve the integrity of information and the quality and reliability of information systems and the processes used to create, implement, operate, maintain and change them.

“THOUGHT LEADERSHIP”

UWCISA will continue working on the following projects during 2011:

- Information Integrity. One monograph on this topic is being prepared for publication.
- IT Governance. Two papers on this topic are being groomed for publication.
- Internal Control. Two papers on this topic will be completed.
- Online Privacy. Four papers on this topic are being prepared for publication.
- XBRL. Two papers on this topic will be presented at various conferences and prepared for publication.
- SysTrust. One paper on this topic will be completed.
- Data Level Assurance. One paper on this topic will be completed.
- Business Process Documentation. Two papers on this topic will be completed.

SPONSORING RESEARCH SYMPOSIA, CONFERENCES, WORKSHOPS

SYMPOSIUM

The 7th Biennial Research Symposium on Information Integrity and Information Systems Assurance will be held October 20-22, 2011 at the Renaissance Toronto Downtown Hotel, Blue Jays Way, Toronto, Canada. The symposium will be sponsored by the University of Waterloo, the Canadian Institute of Chartered Accountants, ISACA Toronto Chapter, CaseWare IDEA Inc., and the International Journal of Accounting Information Systems.

Selected research papers will be published in a special issue of the International Journal of Accounting Information Systems.
CONFERENCES AND WORKSHOPS
UWCISA will organize an updated workshop on computer-assisted auditing techniques for XBRL in 2011.
Visit arts.uwaterloo.ca/ACCT/uwcisa

DOCUMENTING BEST PRACTICES
UWCISA will complete the projects in progress as previously described. In particular, UWCISA will complete or begin the following research projects during 2011:

• Alternative ways of representing business models and business processes for use by auditors.
• A project on Information Integrity Control Guidelines.
• SysTrust. How it is currently being used and prospects for the future.

FUNDING SPECIFIC RESEARCH AND EDUCATION PROJECTS

RESEARCH PROPOSALS
For Research Proposal Guidelines, visit arts.uwaterloo.ca/ACCT/uwcisa.

FELLOWSHIPS AND SCHOLARSHIPS
UWCISA will make funds available for Visiting Fellows and doctoral students. For details, contact the Director.

DEVELOPING COURSES, CASES AND OTHER TEACHING MATERIAL

COMPUTER-ASSISTED AUDITING TECHNIQUES
Malik Datardina and Efrim Boritz plan to update their paper on CAATs In the Classroom which is available on the Centre’s website.

INFORMATION INTEGRITY
The Centre plans to offer a PD Workshop on Information Integrity and Information Integrity Controls.

XBRL
The Centre has developed a PD Workshop on XBRL for preparers. During 2011 a PD Workshop for auditors will be offered.

CASES
UWCISA plans to host a Case Development workshop for faculty teaching IS Assurance courses with the assistance of ISACA’s Toronto Chapter.

The Centre plans to develop the following cases during 2011.

• Software Risk Assessment
• CAATs: System testing vs. Data testing
• Assessing the Segregation of Incompatible Functions
• Business process documentation

COMPUTER CONTROL AND AUDIT GUIDE
This publication will be updated in the fourth quarter of 2011.

OPERATING THE LEARNING CENTRE
UWCISA will continue developing its suite of online courses, focusing on short “self-serve” professional development courses for practitioners.

SHARING MATERIAL WITH OTHER EDUCATORS
The Centre will continue to share its material with educators around the world. For information, please visit our website or contact the Director.
Centre Personnel

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UWCISA
Centre for
Information Integrity and
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