

# UNIT-II: Internal Control and IS Audit

## 02




### CONTROL SYSTEMS

## Internal Control Focus

Unit II focuses on the protective mechanisms built into organizational workflows.

Key topics include internal control objectives, types of controls (Preventive, Detective, Corrective), and advanced auditing tools (CAATT).

# Objectives of Internal Control

-  **Safeguard Assets:** Ensuring physical and digital assets are protected from loss or theft.
-  **Prevent Fraud:** Design processes that make unauthorized activities difficult to execute.
-  **Data Accuracy:** Maintaining the integrity and completeness of organizational records.

# Three Categories of Controls

## Preventive

Stops problems before they occur  
(e.g., strong passwords, access cards).

## Detective

Identifies errors after they have  
occurred (e.g., CCTV, audit logs).

## Corrective

Fixes the identified problems (e.g.,  
data recovery, software patches).

# Detective Control Examples

## Audit Logs

Chronological records of all activities performed on a system.




## CCTV Monitoring

Visual surveillance to track physical access to sensitive areas.

Other examples include **Intrusion Detection Systems (IDS)** and **Exception Reports** which highlight unusual system behavior.

# Corrective Control Functions

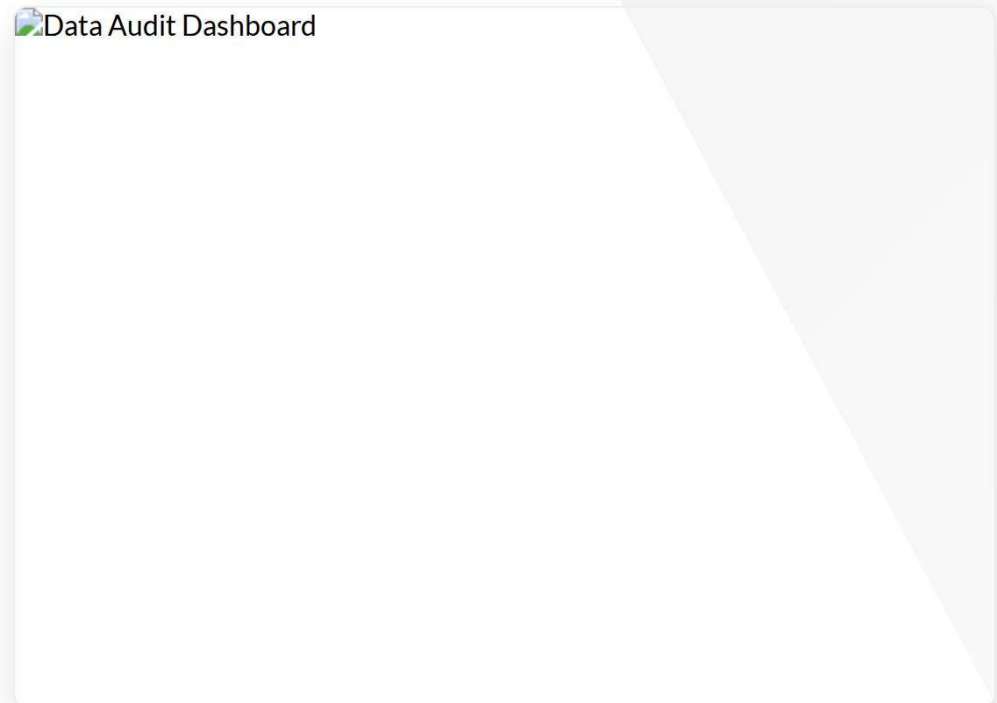
Corrective controls are essential for **resilience**. Once a detective control flags an issue, corrective controls take over to minimize impact.

-  **Data Recovery:** Using backups to restore systems to their last known good state.
-  **Antivirus Removal:** Deleting malware found during a scan.
-  **Software Patching:** Fixing vulnerabilities that were exploited.

# What is CAATT?

CAATT (Computer-Assisted Audit Tools and Techniques) refers to the use of software tools to automate and enhance the audit process.

It allows auditors to test 100% of the data rather than relying on manual sampling.



# Advantages of CAATT

## Speed

Audits are completed much faster than manual methods.

## Big Data

Easily handles millions of transactions for analysis.

## Accuracy

Reduces human error in calculating and sorting audit evidence.