

# Information system auditing and financial auditing



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According to Hall (2004), " financial auditing is a form of independent attestation (or verification) performed by an expert who expresses an opinion about the fairness of a company's financial statements" (p. 17-2). On the other hand, he defined " IT (Information Technology) auditing refers to the part of an audit that involves the computerized elements of an accounting information system" (p. 17-3). As stated, information system audit is just one of the important components of a financial audit. It is vital in the sense that data's found in the system or the system per se may be used in fraudulent or unintentional mistake that would have an enormous impact of the financial position of a company. On May 5, 2009, Westpac Bank of New Zealand erroneously deposited NZ\$10M to a couple who were hoping that their request for a NZ\$10, 900 overdraft will be accepted. After the couple discovered their " newfound wealth" they had it transferred to an offshore account and then disappeared. It is for this purpose that IT auditing exists. Internal control was probably not in placed to detect the oversight that happened in this scenario which led to a NZ\$10M loss.

The correlation of information system and financial auditing is crucial to the economy of the company. A weak internal control system in IT could have a detrimental effect of the company.