



March 2004

Information Systems Audit and Control Association

Baton Rouge Chapter

President's Letter

I hope everyone had a fun and safe Mardi Gras season. If it was up to my kids, we'd go to parades every day, so I'm glad they're finally over. I needed the last couple of days off just to recover! For those of you that missed last month's meeting, FBI Special Agent Terri Campbell gave a great presentation on "Cyber-Crime Trends". The joint meeting with The Baton Rouge IIA was well attended, and I'd like to thank Terri for taking the time to share her expertise with our Chapter. Terri's presentation can be downloaded from the Chapter website, along with other past presentations and newsletters.

The next Chapter meeting will be on **Wednesday, March 10, 2004**. Sean Lowder of Blue Cross Blue Shield Louisiana will discuss *Reviewing Directory Access*, and the deadline to RSVP is Friday, March 5th. The meeting will be held at Phillippe's (formerly Mallini's The Place, 5255 Florida Blvd.), and the cost is \$25.00. The meeting promises to be very informative, so please RSVP today.

It is also that time of year to nominate next year's Chapter Officers. The Chapter bylaws state that Officers are limited to two consecutive years in the same position.

Most of our current Officers have violated this restriction because they have graciously volunteered their time and talents year after year. However, I encourage all of you to consider an officer position so that the Chapter can benefit from new ideas and perspectives (and so we can comply with our own bylaws!). The 2004-2005 Officer positions are as follows:

- **President** - responsible for overall direction of the Chapter. Writes a "President's Letter" for bi-monthly newsletters, serves as spokesperson for the Chapter, serves as primary contact for ISACA national, approves Chapter expenditures and monthly meeting schedule (i.e., speakers, topics, etc.).
- **Vice-President** - responsible for duties of the President in their absence. Also assists other Chapter Officers with Chapter meetings (i.e., determining topics, finding speakers, securing meeting locations, etc.).
- **Secretary/Treasurer** - responsible for Chapter finances, including depositing and reconciling Chapter funds, and assisting in the year-end tax return. Also assists other Chapter Officers with Chapter meetings (i.e., determining topics, finding speakers, securing meeting locations, etc.).
- **Publicity Coordinator** - responsible for creating the bi-monthly newsletter and assists in maintaining the Chapter website. Also assists other Chapter Officers with Chapter meetings (i.e., determining topics, finding speakers, securing meeting locations, etc.).





- **CISA/CISM Coordinator** - responsible for answering questions about the exams, coordinating review sessions (when possible), and promoting the benefits of certification. Also assists other Chapter Officers with Chapter meetings (i.e., determining topics, finding speakers, securing meeting locations, etc.).
- **Membership Coordinator** - responsible for keeping membership lists current (including email addresses for correspondence with members, etc.), welcoming new members to the Chapter (via email, etc.), promoting the benefits of membership, and assisting other Chapter Officers with Chapter meetings (i.e., determining topics, finding speakers, securing meeting locations, etc.).
- **Program Coordinator** - coordinates Chapter events with other ISACA officers - - this person may not necessarily have the responsibility for finding speakers or determining topics, but they should secure locations and perform follow-up with speakers to obtain BIOs, presentations, determine equipment needs, handle RSVPs, member nametags, etc.
- **Board Of Directors** - responsible for review and approval of Chapter financial statements and event activity. Also assists other Chapter Officers with Chapter meetings (i.e., determining topics, finding speakers, securing meeting locations, etc.).

Steve Rosales
President, ISACA—Baton Rouge

March Meeting Details:

Time: Wednesday, March 10; 11:30-1:00
Place: Phillippe's Restaurant, 5255 Florida Blvd. (formerly Mallini's The Place)

Topic and Speaker:

Reviewing Directory Access, by Sean K. Lowder from BlueCross BlueShield of Louisiana

Menu:

Choice of entree:

- (1) Fried farm-raised catfish,
- (2) Grilled pork chops w/garlic butter,
- (3) Chicken Grand bayou w/crawfish & mushroom sauce

Meals include house salad, Chocolate Mousse, and Choice of tea or beverage

Cost: \$25

RSVP by March 5 to Tim Louwers at [louwers@lsu.edu](mailto:louw@lsu.edu).

Nominations and questions should be emailed to president@isaca-br.org by **Friday, April 23, 2004**. Thanks in advance for your willingness to support the Baton Rouge-ISACA Chapter, and I'll see you all at the March 10th meeting.

Steve





March Speaker

Sean K. Lowder is currently employed at BlueCross BlueShield of Louisiana as the Information Security Systems Architect. He is responsible for design and approval of all systems relating to information security, including authentication systems, encryption systems, Operating System baselines, and perimeter data protection systems.

Mr. Lowder has been in the computer industry for 17 years, and has specialized in the security aspects for the last 8 years. He has various industry certifications, including Certified Information Systems Security Professional (CISSP), Certified Novell Engineer (CNE), Microsoft Certified Systems Engineer (MCSE), and Cisco Certified Network Associate (CCNA).

Previously Mr. Lowder has lead various projects in the Information Security arena including financial institution penetration testing, Virtual Private Network (VPN) configuration and deployment for a international environmental engineering firm, and design and implementation of an enterprise wide encrypted email solution. He also has extensive experience in the realm of auditing authentication directories, including Microsoft Active Directory, Novell Directory Services, and other varied LDAP systems.

Currently Mr. Lowder is researching an enterprise incident response system to include compliance issues, fraud and abuse tracking and data security incidents. He is also involved in researching a single sign on

system for enterprise applications.

Sarbanes - Oxley Quick Facts

One of the biggest questions people seem to have these days is how Sarbanes-Oxley Act (SOX) Section 404 requirements may affect the audit and reporting requirements at their organizations. Technically, SOX requirements only apply to publicly traded companies. However, the basic requirements are being interpreted by many as a new "best practice" guidelines. This means that some of the SOX provisions are likely to be enforced on organizations that are not technically subject to SOX. Briefly, the SOX provisions include a requirement that both the company and the company's external auditor more closely scrutinize the company's internal controls. Furthermore, SOX requires that the company and the auditor report on the effectiveness of those controls.

One immediate impact of SOX has been tremendous costs. Initially, the Securities and Exchange Commission estimated that SOX compliance would cost the typical company about 5 hours per quarterly or annual filing. Registrants are finding that this estimate is around 100 times too small. Initial compliance costs are so large for three basic reasons.

First, companies are now having to extensively document controls.





Interpretations regarding the extent of control documentation and testing vary, so companies are tending to do extensive control documentation and testing. As auditors, we probably tend to think this work should have been done long ago. CEOs don't generally see it that way. As one CEO complained, "... documenting and papering of internal controls for Section 404 compliance will result in little value-added." ("Sticker Shock", CFO Magazine, September 2003). Given this attitude toward controls, it is hardly surprising that companies are now having to spend resources to document what they probably should have been documenting all along. IS auditors should welcome this development as a tool for strengthening the company's controls by providing an additional, powerful motivation proper documentation and testing.

Second, companies are often finding that their existing information systems are inadequate for recording and processing the massive quantities of data required for SOX compliance. This is resulting in implementation delays, and a mushrooming industry in software designed to aid in SOX compliance activities. Modifying existing systems and implementing SOX software, of course, is a time consuming, expensive activity. It is also an activity where the IS auditor's input is extremely important.

Finally, SOX has been the largest windfall for public accounting firms in decades - somewhat ironic for regulation that started as a response to perceived auditing inadequacies. Initial documentation efforts are mainly one-time expenditures, but the auditing provisions are recurring. Corporate auditors can help mitigate these costs by working closely with the external auditors to minimize duplication of effort.

SOX only applies to publicly traded companies. That's a very small percent of all organizations. Your own organization probably does not fall into this category. But as mentioned above, states and other governing organizations are taking a close look at these SOX provisions, and are starting to provide strong indications that they believe SOX-type compliance would be good for their member organizations. For this reason, stepping up efforts to document your organization's controls and to develop a reasonable audit schedule for those control systems should probably be fairly high priority issues.





Baton Rouge ISACA Officers and Directors

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