

Driven, Like You



## Statement of Qualifications IT Audit

Weaver is one of the largest independent certified public accounting firms in the nation, ranked the largest regional independent accounting firm in the Southwest by Practical Accountant magazine and is also ranked #40 in the Top 100 Accounting Firms in the nation by Public Accounting Report. With locations throughout Texas, we are focused on meeting the needs of our clients, and providing real solutions that add value and quality to our services.



Advisory Services



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Advisory Services assesses the critical systems, technology architecture and processes to ensure IT assets are protected, reliable, available and compliant with organization policies and procedures, as well as applicable laws and regulations. We utilize an integrated approach by gaining an understanding of your organization and its business objectives prior to performing an audit to ensure that our IT audits are focused on the technology risks that pose the greatest threat to the organization's critical objectives, recognizing the value of your IT personnel's time.

IT audits examine the controls and processes within an organization's information technology (IT) function to assess whether critical risks are being properly managed according to the organization's intentions or industry accepted practices, depending on the objectives of the audit. Typically these audits involve assessing policies and procedures, interviewing key personnel, observing procedures being executed, and obtaining and evaluating evidence from systems and other relevant sources of information.

Utilizing a risk-based approach, we are able to put IT considerations in their proper context according to the actual objectives of the audit. This is accomplished by developing a solid understanding of the organization prior to the audit, including the organization's key dependencies on systems, through a series of meetings with key stakeholders and process owners. Using the information obtained in these meetings, we tailor our procedures to ensure that the IT risks being addressed are most relevant to the organization and the objectives of the audit itself.

Our IT audits typically cover in-depth the relevant layers of an organization's information technology infrastructure supporting relevant business applications including production databases, server operating systems, networks and the physical layer. As we conduct our IT audit procedures, we work with the organization's IT personnel to validate our findings and ensure the completeness and accuracy of our results. When issues are identified, our certified IT auditors work to develop detailed recommendations that can be implemented by IT management, if permitted by the nature of the IT audit.



Our Advisory Service's IT audits are conducted for a variety of uses, including external compliance such as Sarbanes-Oxley, HIPAA, GLBA, PCI, etc., or based on the needs of the organization through internal audit. IT audits cover a range of topics including:

- IT Risk Assessment
- IT Governance
- Information Security
- General Computer Controls
- Application Controls (Automated Business Process Controls)
- Project Risk Management
- Business Continuity and Disaster Recovery
- Information Systems
- Data Privacy
- IT Effectiveness

#### **IT Risk Assessment**

IT risk assessments determine vulnerabilities, threats, risks, risk likelihood and risk impact over an entity's business practices and IT infrastructure, including applications, servers, networks, and any process or procedure by which these systems are utilized and maintained. The risk assessment also includes the facilities that house information technology resources. Specifically, IT risk assessments will help determine whether or not administrative, logical and physical safeguards are in place and appropriately administered throughout the company. An IT risk assessment should serve as a roadmap for the organization to manage its greatest risks, or to develop a risk-based IT audit plan.

#### **IT Governance**

An IT governance audit evaluates the strategic and operational alignment of the IT group with the organization's business strategy, ensuring that IT is supporting overall goals while measuring IT delivery performance and transparently reporting the results. This type of audit will assess how an IT organization is functioning overall, what key metrics management needs and the value being provided to the enterprise. Typically, the focus areas include:

- Strategic alignment: Linking business and IT
- Value delivery: Ensuring IT delivers the benefits promised
- Resource management: Ensuring that resources are managed effectively and efficiently
- Risk management: Establishing a formal process that provides sound IT measurements and manages and reports risk
- Performance measures: Placing structure around IT performance

IT effectiveness maximizes real business value. Using proven approaches to IT governance, project prioritization and demand management, we can help ensure that technology initiatives are aligned with the business vision and strategy, increasing efficiency and productivity throughout the entire organization. Companies with an effective IT function generate greater value from technology investments. The key elements of an effective IT framework include:

- The linkage between IT objectives and the specific IT investments
- Influence of IT investments, market and economic conditions, and organizational IT capabilities on the IT benefits and impact on an organization
- Influence of the IT benefits and impact, experienced in the past, on the future IT plans of an organization



### **Information Security**

Information security encompasses more than just IT, although the audit determines the level of security within an organization's information systems. Understanding your organization's security state and identifying vulnerabilities is the first step toward protecting the confidentiality, integrity and availability of critical data. It is also an important component for achieving regulatory compliance. Attacks from external and internal sources can take down your network or lead to the theft of sensitive data, including customer information, employee information or intellectual property. Our security audit procedures are based on ISO/IEC 27001 and 27002 and commonly include:

- Thorough evaluation of existing network security architecture, policies and processes
- Assessment of the current level of vulnerabilities in the networking environment
- Review and analysis of real-time threats occurring within the network
- Interviews with key staff members to gain a clear picture of security processes currently implemented and information security needs
- Prioritized recommendations and development of a detailed remediation plan to achieve the desired security state
- Develop detailed security recommendations designed to mitigate the identified risks and improve overall security posture

### **General Computer Controls**

These controls provide for the overall health and well being of critical systems. The effectiveness of automated activities depends on the effectiveness of general computer controls. Tests of IT general controls are performed to determine whether management has controls in place that can be relied upon to ensure that the application and IT-dependent manual controls continue to function as intended. Our IT auditors utilize the COBIT framework in developing the scope of General Computer Control audits. An evaluation of the organization's general computer controls will ensure the following key components exist:

- IT Policies and procedures
- Segregation of duties within the IT organization
- Change management procedures
- Security administration
- Backup and recovery
- Job monitoring
- Incident management
- Reporting and correction of problems or errors

**Application Controls**

Application controls pertain to the scope of individual business processes or application systems. They include such controls as input controls, processing controls, output controls, integrity controls and management controls. The evaluation of application controls within the operating environment usually includes:

- Study and review of documentation relating to the application
- Observe applications being used by personnel
- Identify processes and options for conformance to business rules and practices
- Validate input to the system against applicable criteria
- Verify access control in application software and whether appropriate access exists
- Verify how errors and exceptions are handled
- Correct any weaknesses found at the end of an applications review in the software that could lead to errors or compromises in security
- Evaluate the environment under which the application runs

**Project Risk Management**

Assessment of project risk typically occurs in the context of pre/post-implementation reviews or assessments of an organization's Project Management Office. The objective of these assessments is to determine whether industry accepted project management practices are being employed within the organization to enhance the likelihood that key projects will be executed on time within budget, while fulfilling the expectations of internal customers. Areas commonly addressed in project risk assessments include:

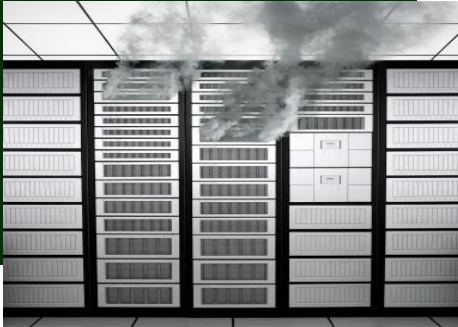
- Project charter
- Project plan/budget
- Organizational chart
- Project tracking
- Go/No-go decision process
- Test plans

**Data Privacy**

Privacy is a risk management issue for all organizations. Securing the external and internal data that flows in and out of the organization, and protecting the users, requires privacy solutions. Depending on the needs of your organization, our IT auditor's can audit against a variety of data privacy-related regulations and objectives:

- GLBA
- HIPPA
- Employee data privacy
- PCI
- Red Flags Rule
- EU Data Privacy Directive

In privacy audits, our first step is to identify all processes, systems, departments and location handling the data in question, depending on the regulation or objective. Walkthroughs are then conducted with key personnel to identify the controls in place to maintain the confidentiality of critical data.



### **Business Continuity and Disaster Recovery**

Disaster recovery and business continuity (DRP or BC) refers to an organization's ability to recover from a disaster and/or unexpected event and resume or continue operations. In order to ensure that adequate and effective contingency plans have been established to support the prompt recovery of crucial enterprise functions and IT facilities in the event of major failure or disaster, our audits cover these common DRP/BC areas:

- Mandated disaster recovery, business continuity, and security requirements have adequate compliance policies and procedures in place
- Potential risks to the enterprise and its IT facilities are identified and assessed in preparation of the contingency plans
- Authorized and documented disaster recovery / business continuity plan is created, maintained up-to-date, and securely stored
- Recovery plan is periodically tested for its relevance and effectiveness
- Internal and external personnel accountable for the recovery process are fully aware of their responsibilities and commitment
- Appropriate relationships are maintained with external vendors and suppliers
- Damaged and recovery sites are secure and that systems are securely operated in support of the enterprise
- Systems and procedures are adequately and accurately documented to aid in the recovery process



Typically, an IT audit is comprised of the following overall steps which would include more detailed processes within each step:

**Plan the Audit**

Planning the IT audit will ensure that it covers the organization's performance objectives and compliance with laws and professional standards. The purpose of the audit, management's responsibility, authority and accountability as well as timelines, expected milestones and resource allocation are outlined during the planning stage.

**Obtain an Understanding of the Business and IT Support Requirements**

An understanding of the organization and the IT environment is used to assess the relevant risks and to set the scope of the audit. Further an understanding of the business entity, management, governance, objectives, strategies, and business processes is determined.

**Identify Relevant Risks**

Evaluating the organization's business risks to its ability to achieve identified objectives is a vital step. Changes in risk arise due to new personnel, new or restructured information systems, corporate restructuring, or rapid growth. Analyzing these risks provides a means to mitigate them now and prevent them in the future.

**Evaluate the Organization's Response to those Risks**

The response to any business risk will impact the assessed level of audit risk. Once the organization's response to risk has been evaluated, evidence toward these risks is collected and assessed.

**Assess the Risk of Operational Importance**

Based on the knowledge obtained in evaluating the organization's responses to business risks, the risk of operational performance or financial materiality is assessed. We then determine specific procedures that are necessary based on that risk assessment.

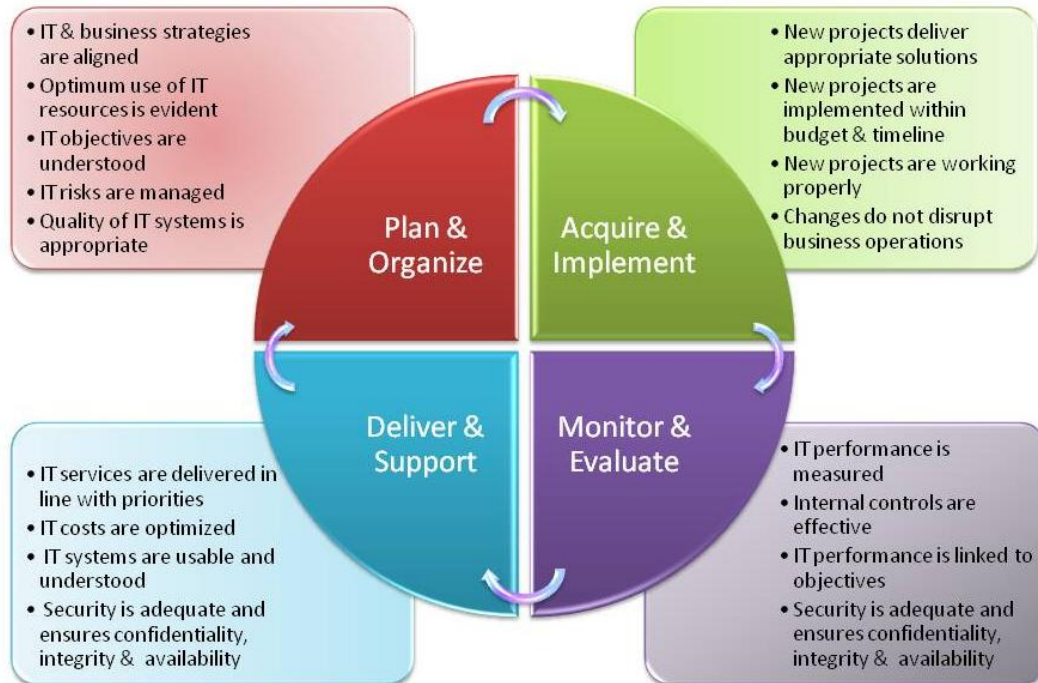
**Perform IT Audit Procedures**

Based on the identified risk and operational complexities, IT audit procedures are developed and executed. We test the design and operating effectiveness of identified IT controls, as well as the business process applications and general controls upon which the effectiveness of the specific IT controls depend.

**Evaluate Results and Issue Audit Report**

At this point, we determine if the assessments of risks were appropriate and whether sufficient evidence was obtained in order to issue either an unqualified or qualified audit report based on our findings.

Although we also utilize other frameworks and standards in conducting specific IT audits, COBIT provides us with a comprehensive approach and methodology underlying all of our IT audit engagements and allows us to us focus on the specific requirements of each client as well as eliminates gaps between what we deliver and what clients require. We apply the COBIT framework in planning, executing and reporting the results of our IT audits.



**Plan and Organize**

This area covers the use of information & technology and how best it can be used to help the organization achieve its goals and objectives. It also highlights the organizational and infrastructural form IT is to take in order to achieve the optimal results and to generate the most benefits from the use of IT.

**Acquire and Implement**

This area involves identifying IT requirements, acquiring the technology, and implementing it within the organization’s current business processes as well as addressing the development of a maintenance plan in order to prolong the life of an IT system and its components.

**Deliver and Support**

This area focuses on the delivery aspects of the information technology. It covers areas such as the execution of the applications within the IT system, its results and the support processes that enable the effective and efficient execution of these IT systems. These support processes include security issues and training.

**Monitor and Evaluate**

This area deals with an organization’s strategy in assessing needs and whether or not the current IT system still meets the objectives for which it was designed and the controls necessary to comply with regulatory requirements. Monitoring also covers the issue of an independent assessment of the effectiveness of IT system in its ability to meet business objectives and the company’s control processes by internal and external auditors.

The Planet.com  
Houston, Texas

The Planet provides managed and self-managed hosting services for 6.7 million websites, serving more than 22,000 businesses worldwide with 40 percent located outside the United States.



**Complete Production**

Houston, Texas

Complete Production Services is a provider of specialized oil and gas services and equipment in North America, developing hydrocarbon reserves for its customers and enhancing oil and gas production.



**North Central Texas Council of Governments**

Arlington, Texas

NCTCOG is a voluntary association of, by and for local governments, established to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development



**Higher Education Servicing Corporation**

Addison, Texas

HESC provides long-term borrower access to federally guaranteed loans through the Federal Family Education Loan Program. Schools assist in qualifying students for loans, lenders make the loans, and HESC purchases the loans from the lenders.



**The Shaw Group, Inc.**

Baton Rouge, Louisiana

Shaw is a provider of piping systems, engineering procurement and construction services, serving infrastructure, power generation and process industries.



**Telx**

New York, New York

Telx provides interconnection, co-location, technical support, connectivity and dedicated hosting services in a secured environment for companies' mission critical operations.



**Range Resources**

Fort Worth, Texas

Range Resources is an independent oil and gas company that operates in the East Texas, West Texas, Midcontinent, Gulf Coast and Appalachian regions of the United States.



**City of Denton**

Denton, Texas

Denton is the 11<sup>th</sup> largest city in the DFW metropolx and is home to two state universities (UNT and TWU). Both the city and county were named after John B. Denton, a pioneer, preacher, lawyer and Texas Militia Captain.



**Baptist General Convention of Texas**

Dallas, Texas

According to its mission statement, the Baptist General Convention of Texas "encourages, facilitates and connects churches in their work to fulfill God's mission of reconciling the world to Himself," and is active in evangelistic, educational, and benevolent endeavors toward achieving this goal.





At Weaver, we understand the importance of focus, strategy and communication in performing internal audits that are well planned, based on strategy, executable and measurable. We work closely with our clients to model services to fit their existing structure, process and staffing. We understand the importance of communication and integrate it throughout every step of the process.

Our Advisory Services include:

#### ● Enterprise Risk Management

- Entity level risk assessment
- Control self assessment
- Business risk assessment
- Fraud detection services
- Executive training
- Acquisition controls integration

#### ● Strategic Risk Services

- Corporate governance
- Strategic alignment and gap analysis
- Regulatory compliance
- IT long-term planning
- Acquisition compatibility assessment
- Internal Audit planning and development

#### ● Operational Risk Services

- Internal Audit
- Internal controls assessment
- General controls assessment
- Sarbanes-Oxley consulting
- Policy and procedure development and review
- IT audits
- Fraud prevention assessments
- Process performance management
- Evaluation of automated systems
- Operational performance studies
- Financial reporting advisory
- Data mining and analysis



**About Weaver**

Weaver is among the top 40 certified public accounting firms in the nation according to the 2010 Public Accounting Report Top 100 Firms list, and is ranked the largest regional independent accounting firm in the Southwest and consistently ranked as one of the fastest growing firms in the country by *Accounting Today's* Top 100 Firms Survey. The Firm operates offices in Austin, Dallas, Fort Worth, Houston, Midland, Odessa and San Antonio, with more than 450 team members, including more than 360 accountants and consultants and four licensed attorneys. Affiliations through Baker Tilly International allow for service delivery nationally and worldwide. The Firm's client base includes private and publicly held business enterprises, local governments, municipalities, nonprofits and individuals.

**Mission**

Weaver and its affiliates are committed to excellence. Our mission is to provide our clients the highest quality, client-oriented, professional services with an extra measure of personal attention through an organization where our people succeed.

**Services**

Weaver provides clients with assistance in accounting and consulting services including:

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| <ul style="list-style-type: none"> <li>• Risk Assessment</li> <li>• Regulatory and Compliance Audit</li> <li>• Internal Audit</li> <li>• IT Audit</li> <li>• SOX/FDICIA Consulting</li> <li>• Transaction Services</li> <li>• Assurance</li> <li>• Accounting</li> <li>• Tax</li> <li>• Estate Planning/Wealth Transfer</li> <li>• Business Valuation Services</li> <li>• Consulting Services</li> <li>• Profit Enhancement</li> <li>• Information Technology Services</li> <li>• Litigation Support</li> <li>• Property Tax Consulting</li> <li>• Cost Segregation</li> <li>• International, State and Local Tax</li> </ul> | <p><u>Industries Served:</u></p> <ul style="list-style-type: none"> <li>• Manufacturing and Wholesale</li> <li>• Financial Services</li> <li>• Distribution</li> <li>• Oil and Gas</li> <li>• Technology</li> <li>• Health Care</li> <li>• Retail</li> <li>• Real Estate</li> <li>• Construction</li> <li>• Hospitality/Restaurant</li> <li>• Professional Services</li> <li>• Arts and Entertainment</li> <li>• Education</li> <li>• Local Government</li> <li>• Nonprofit</li> <li>• Private Foundations</li> </ul> |
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*Our services are designed to ensure that your organization is functioning in the most efficient manner, and that controls are adequate and effective. With our in-depth IT audit, we uncover important information to assist you in forming a realistic view of your technology controls.*

**Offering the resources of a national or international firm without the excessive fees**

Our seven Texas locations, combined with strategic national and international affiliations, allows us to offer you the resources of a large firm without the fees required to support national or international overhead.

**Committed to your complete satisfaction**

The only goal you can't accomplish is the one you don't go after! Our mission is to help you identify and achieve your financial goals. As such, we promise to deliver professional services that add "measurable" value.

**Providing "awesome" client service**

Members of your engagement team, including senior management, will communicate with you in a timely and courteous manner all year long, not just during your engagement. As a Firm and as individuals, we place great value on building long-term relationships, and providing outstanding service is one way we accomplish this.

**Understanding your needs**

As your professional services provider, we have a responsibility to learn your business and understand your needs. To accomplish this, we utilize comprehensive, industry-specific research tools to identify and address the issues facing you.

**Recognizing knowledge is power**

Each member of our client-serving staff participates in a rigorous program of continuing professional education so that we can assist you with the process of translating complex information into knowledge, and knowledge into decisions. We also have several specializations represented within the Firm including accredited business valuers, accredited estate planners, certified financial planners, certified fraud examiners, certified profit enhancement consultants, licensed attorneys and personal financial specialists.

**Taking a proactive stance on your behalf**

We strive to help you reach your financial goals by informing you of relevant law changes or additional services we can provide to help you seize the opportunities and conquer the challenges along the way. In addition to accounting, audit and tax services, we offer numerous specialized services including some focused on specific industries.



August 2010  
Volume 24, Number 8

**INSIDE PUBLIC ACCOUNTING**  
**THE 2010 TOP 100 FIRMS**  
**THE LARGEST ACCOUNTING FIRMS IN THE U.S.**  
RANKED BY U.S. NET REVENUE

RANK '10 '09	FIRM / HEADQUARTERS	MP / CEO	NO. OF OFFICES	YEAR END	NET REVENUE
26	Wipfli LLP / Milwaukee	Rick Dreher	14	5/10	\$114,400,000
27	Amper, Poltizer & Mattia LLP / Edison, N.J.	Howard Cohen	7	3/10	\$114,222,000
28	Cherry, Bekaert & Holland LLP / Richmond, Va.	Howard Kies	14	4/10	\$98,377,046
29	Anchin, Block & Anchin LLP / New York	Frank A. Schettino	1	9/09	\$96,000,000
30	LECG-SMART <sup>®</sup> / Devon, Pa.	Steve Samek	11	12/09	\$93,573,599
31	Otrin Cooperman & Company LLP / New York	Joel A. Coopeman	5	12/09	\$90,000,000
32	Berdon LLP / New York	Stanley H. Freundlich	2	12/09	\$88,000,000
33	Goodman & Company LLP / Virginia Beach, Va.	Thomas Willson	10	6/10	\$87,650,000
34	Marks Paneth & Shron LLP / New York	Arthur E. Cannata Mark Leventus	4	12/09	\$86,223,000
35	Carr, Riggs & Ingram LLC / Enterprise, Ala.	William H. Carr	14	9/09	\$83,527,232
36	Rehmann / Saginaw, Mich.	Steven D. Kelly	11	12/09	\$72,916,222
37	Withum Smith+Brown PC / Princeton, N.J.	William R. Hagaman Jr.	13	6/10	\$72,320,000
38	Kearney & Company / Alexandria, Va.	Ed Kearney	2	12/09	\$66,137,311
39	Amarino McKenna LLP / San Ramon, Calif.	Andy Amanino	3	12/09	\$65,378,495
<b>40</b>	<b>Weaver<sup>®</sup> / Fort Worth, Texas</b>	<b>Tommy D. Lawler</b>	<b>6</b>	<b>5/10</b>	<b>\$8 5,310,892</b>
41	Burr Pilger Mayer Inc. / San Francisco	Stephen D. Mayer	6	12/09	\$64,840,251
42	Morrison, Brown, Argiz & Farra LLP / Miami	Antonio L. Argiz	6	12/09	\$64,200,000
43	Schenck SC <sup>®</sup> / Appleton, Wis.	William D. Goodman	8	9/09	\$63,667,343
44	Novogradac & Company LLP / San Francisco	Michael J. Novogradac	12	12/09	\$59,423,387
45	SS&G Financial Services Inc. / Cleveland	Gary Shamis	8	12/09	\$59,421,462
46	Habit, Arogeti & Wynne LLP / Atlanta	Joseph D. Simms	2	12/09	\$59,005,000
47	Friedman LLP / New York	Bruce A. Madrick	3	12/09	\$58,037,567
48	Holthouse Carlin & Van Trigt LLP / Santa Monica, Calif.	Philip J. Holthouse	7	12/09	\$56,770,433
49	Horne LLP / Ridgeland, Miss.	Hugh J. Parker	13	12/09	\$56,368,898
50	Lattimore Black Morgan & Cain PC / Brentwood, Tenn.	David Morgan R. Michael Cain	3	6/10	\$55,510,796

Editor's Note: <sup>®</sup> Changed name from SMART Business Advisory and Consulting.

<sup>\*</sup> Changed name from Weaver and Tidwell.

<sup>®</sup> Changed name from Schenck Business Solutions.

Source: INSIDE Public Accounting

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Weaver is the largest Texas-based independent accounting firm on Public Accounting Report's America's 100 Largest Public Accounting Firms list.

Additionally, Weaver is consistently listed among the top accounting firms in DFW in both the Fort Worth Business Press and Dallas Business Journal Book of Lists and recently listed among the top firms in the Houston-Area in the Houston Business Journal.

Weaver is ranked the largest independent accounting firm in the Southwest and consistently ranked as one of the fastest growing firm in the country by *Accounting Today*.

Weaver was recognized as one of 15 Best Places to Work in DFW by the Dallas Business Journal in the mid-sized company category in 2006.

Our Firm's success is a direct reflection of the dedicated individuals who work here.



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