



AUDITING AND GOVERNANCE FOR CLOUD OVERVIEW

Cloud has proven itself to be a very disruptive force. Cloud adoption continues to grow exponentially. However, organisations are coming to realise that cloud is different to traditional IT.

Cloud changes the model under which organisations obtain, use and manage IT services and applications.

Cloud also changes existing organisational governance.

This happens because

- Cloud services are provided under a different model than traditional IT of the past
- Cloud uses newer technologies in different ways than traditional and legacy IT services
- Cloud service providers (CSP) provide services under different commercial and financial conditions

Any one of the above factors can lead to the modification of current governance structures. All three factors guarantees that changes to governance is required.



Organisations must realign their governance model to reflect the new reality.

Three questions to consider are

1. Does the organisation know what to change and how to change their governance model?
2. Does the auditing firm know what has changed to governance models?
3. Has the auditing firm adjusted their auditing capabilities to reflect these changes?

What Has Cloud Changed?

Changes from the cloud model affect critical areas in the organisation. A sample of what has changed include:

- Ownership of IT assets and software
- Contracts and levels of service
- Regulations and standards
- Charging models
- Governance models, structures and controls
- Auditing approaches
- Architecture, security, interoperability, portability



- Lack of customisation from generic cloud services
- Cloud shared responsibility model
- Multi-cloud and hybrid-cloud models (things get tricky here)

These changes affect how to audit an organisation regarding their cloud adoption and digital investments. Many organisations still don't know how to prepare for an audit of their cloud adoptions and digital investments.

Auditing firms are also challenged in understanding the changes they need to make to their traditional audit programmes and to adapt them to the new cloud model. This is a significant piece of work which requires cloud specific domain knowledge and understanding.

On the plus-side there is a significant upside for the auditing firm who understands the gaps in current auditing programmes when it comes to cloud and digital services.

Once understood by the auditing firm and their audit programmes reconfigured, they can also sell advisory services to help organisation prepare for the new requirements of a cloud and digital audit.

This becomes win-win territory for both the auditing firm and the organisation.

Audit Upskilling. Initial Areas Of Focus

The following list provides a sample of critical areas to assess from an audit perspective.



These are basic areas which organisations should understand if they are to have any success in updating their governance for cloud services.

If not, the findings from an audit looking at these areas will be very beneficial to an organisation i.e. they provide focus and action points to address.

- Cloud vs traditional IT
- Complexities of cloud governance
- Cloud service models
- Cloud deployment models
- Basic governance changes due to cloud
- Customer vs cloud service provider
- Differences between auditing traditional IT and cloud
- Impact of shared ownership model
- Initial cloud risk analysis

Realignment To Reflect The New Reality

Realignment of existing governance models to reflect the new cloud and digital reality is difficult for many organisations. Auditing against this new cloud and digital reality is also difficult.



A simple recommendation for auditing firms is to examine these basic areas to understand what to focus on and start with first.

After the basic areas are understood expanded the scope of your learning to many different areas, including looking at current auditing standards and their gaps and remediations.

Adopting cloud services can be at best simple, and other times challenging. But it can be done with help and guidance available.

Adapting and realigning existing governance and controls for cloud is difficult.

For the auditing firms the message is clear.

Understand the cloud services domain and use this knowledge to modify your auditing programmes to reflect the new reality.

Organisations require help. If you can't help them, someone else will.

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