



INFORMATION
TECHNOLOGY
FACULTY

Information Technology Faculty

Annual Report

2007

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Chairman's Statement

Another very active year for the IT Faculty ...

As you will see from the details within this report, it has been another busy year for the IT Faculty. We have continued to expand our reach and influence, making representations where appropriate whilst producing the excellent range of publications and events that you have always been used to.

Particular highlights included:

- Re-branding our publications in line with the new branding of the Institute
- IT Faculty events that attracted over 1,200 people, including 475 who attended our roadshow in 11 locations across the UK and 125 who attended our annual conference
- Significant progress on our Institute-funded Thought Leadership programme, which included round table discussions with IT industry leaders and experts
- Laying the foundation for a new Institute Web 2.0 style social networking site with the emphasis on helping members significantly increase their knowledge and understanding of business related IT. This site was launched at the end of February 2008 and is known as IT Counts
- In cooperation with the Institute's Member Services division, obtaining significant amounts of sponsorship enabling us to keep the costs of our services to members as low as possible
- Our IT in Practice survey published early in the year which, thanks to its independence, is valued as an authoritative source of trends and information by both our members and the industry. This year's update also achieved significant press interest.

I would like to take this opportunity to thank both the faculty staff and active members on all our various committees for all their efforts and contributions in maintaining the high standards of the faculty and I look forward to working with all of them during the coming year.

William List CA, FBCS (1943 – 2007)

2007 was a sad year in one particular respect and that was the sudden death of a great friend and colleague of ours, Willie List. Willie, who was a long standing member of both the Faculty Committee and the Faculty Technical Committee, specialised in the application of information security to business, and had an outstanding career, firstly in KPMG and predecessor firms up to 1991 and then on his own account. The enthusiasm and commitment that he brought to all aspects of his work touched the lives of many clients and colleagues, of which he had a wide range, covering both the private and the public sectors. He was co-author, with David Brewer and Dick Price, of an authoritative guide to *Information Security – an Essential Today*, published by the IT Faculty in 2006, as well as a valued commentator on many governmental initiatives and proposals on which the faculty made representations over the years.

Jonathan Teller
Chairman, Information Technology Faculty

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Report on IT Faculty Activities

The IT Faculty's services

We provide services to the members of the IT Faculty – and others who are not chartered accountants but are interested in benefiting from our services – on a subscription basis.

We are also an integral part of the Institute's Technical Strategy department and work on that basis, on thought leadership and promotion, representation, research and co-operative technical activities, for ICAEW members as a whole.

Summary of main activities 2007

- **The IT Faculty produced 8 full-length technical and CPD-related publications and *Chartech* supplements**
- **The IT Faculty produced 6 editions of *Chartech*, the faculty's magazine, and 12 editions of *eChartech*, its e-bulletin**
- **IT Faculty events that attracted over 1,200 people, including 475 at our roadshow events and 125 at our annual conference**
- **The IT Faculty undertook 11 representative activities on behalf of members, including 3 round table and events with representatives of government departments, industry, academia and other professions**
- **The IT Faculty initiated an academic research project**
- **The IT Faculty contributed to the development of the ICAEW's *IT Counts* web site, launched in early 2008**
- **Our 2007 *IT in Practices* survey**

What we did in 2007 for IT Faculty Members

Publications

The IT Faculty published the following technical publications and supplements and circulated them to its members during 2007:

- *Successful Management of IT Risk*

This is intended to outline the concepts of IT-related risk management for non-specialists. Its goal is to provide sufficient information, in terms of a broad background to the subject of risk management in an IT environment, to enable readers to be able to discuss the subject with confidence.

- *A Business Manager's Guide to E-Marketing*

This is aimed primarily at managers and decision makers within small and medium sized businesses who are looking at ways of developing their e-commerce activities to take better advantage of multi-channel marketing.

- *Effective Wireless Working – Usability, security and control*

This provides an overview in clear, non-technical language for organisations seeking to reap the rewards of effective, wireless working. It also explains the potential pitfalls that can arise along the way.

- *An Introduction to Software as a Service*

Software as a Service (SaaS) is a lower-cost, subscription-based alternative to large-scale in-house business software applications, whereby the applications are hosted by a vendor or service provider and made available to customers over a network, typically the Internet. The publication is intended to be a non-technical introduction to this topic, giving an overview of the market and the information needed to help make any decisions related to purchasing or trialling such a service. The publication is aimed mainly at the SME market but is suitable for anyone interested in this new way of managing business applications.

- *Introducing ITSM and ITIL.*

This provides an introduction to IT Service Management and the techniques used in the delivery of IT services, as documented within the IT Infrastructure Library (ITIL[®]). IT Service Management and ITIL[®] first evolved in the late 1980s and have now become firmly established as 'de facto' industry guidelines for the provision of quality IT services. They are used by thousands of IT organisations worldwide and are based on current 'best practice' as used by some of the leading in-house and outsourced IT service provider organisations.

The IT Faculty again in 2007 produced and distributed to its members an annual CPD guide, covering the faculty's technical material during the year and how this might relate to members' ongoing needs for CPD. This guide was designed to help members when preparing to make their CPD declarations for the year.

The IT Faculty's update of the FIT 1/94 guidance on *Assurance reports on the outsourced provision of information services and information processing services by service organisations made available to third parties*, completed in association with the Audit & Assurance Faculty, was published during the year as technical release ITF 01/07. This was forwarded to the IAASB to help the deliberations of its working party developing a new international assurance standard on service organisations.

The latest research report on *IT in Accountancy Practices* was published in January 2007 and distributed to IT Faculty members and subscribers as a PDF download available from the faculty's February *eChartech* e-bulletin, gaining significant interest from members and the wider public and attracting useful press coverage.

The August edition of the IT Faculty magazine *Chartech* included an article of guidance on the application of the UK regulations of July 2007 on Disposal of Waste Electrical and Electronic Equipment (WEEE), including computers, printers and fax machines.

By courtesy of BASDA (Business & Accounting Software Developers Association), its White Paper, on the software-related aspects of implementing the Construction Industry Scheme for the taxation of building contractors and sub-contractors, was also made available to members on the IT Faculty website.

The faculty's magazines, bulletins and publications throughout the year have been produced in an updated and improved format reflecting the Institute's new brand guidelines.

Events

The IT Faculty presented, alone or in conjunction with partners, 12 major events and several workshops and seminars during 2007.

Some 500 people attended the IT Faculty's autumn road-show on *Making better use of Excel*, which was presented in 11 locations around the UK by Simon Hurst, who provides training and consultancy services to accountants through his own training organisation, The Knowledge Base, and is also a former chairman of the IT Faculty, now a vice-chairman, and a member of the IT Faculty Committee. The roadshow, organised in conjunction with ICAEW regions, attracted excellent or good satisfaction ratings from the overwhelming majority of the participants. It was over-subscribed in some locations, presenting opportunities for re-runs in 2008.

Other events during the year included
Using Spreadsheets to Work Smarter not Harder
Using Excel to make the most of your accounting data
Financial Planning with Excel.
Keeping on top of IT: an essential update for accountants
IT Risks: the top 20 information security issues facing business today.
Looking under the Bonnet – the IT Due Diligence Process (with the Corporate Finance Faculty)
Financial Modelling – the Future (with the Finance and Management Faculty)

The Faculty again joined forces with ISACA (Information Systems Audit and Control Association) to run a full day conference at Chartered Accountants' Hall in June 2007. This conference, *Secure Systems are Vital – the Devil's in the Detail*, included keynote sessions by Ed Gibson, the Chief Security Advisor for Microsoft and Charlie McMurdie of the E-Crime Unit. Sessions on topics included *Implementing a successful Mobile Security Strategy*, *Database Security*, *Software Security*, *Effective Risk Management*,

Phishing, and Web2, given by speakers from KPMG, Portsmouth University, ISACA, Secerno and several others.

The IT Faculty held a joint event with the Fraud Advisory Panel on *Corporate Identity Fraud*. The lecture received positive feedback with 80% rating the event as excellent or good. A further event held in conjunction with the Fraud Advisory Panel was an evening lecture and discussion at Chartered Accountants' Hall on *The Computing Environment - It's more than Binary Code – It's about Criminals!* This provided an overview of cybercrime in the UK.

Locations of events during 2007 included:

- Edinburgh
- Newcastle upon Tyne
- Carlisle
- Durham
- Lancaster
- Leeds
- Manchester
- Derby
- Birmingham
- London
- Cardiff
- Bristol
- Bracknell
- Basingstoke
- Crawley
- Botley, nr Southampton
- Fareham
- Exeter

The IT Faculty Committee, augmented by members of its Technical Committee, held an awayday in Manchester in January 2007, at which it decided in principle to place greater emphasis on direct engagement with members through the use of the website and through events at which members will be encouraged to network and contribute their expertise to the faculty's development. More sponsorship of the faculty's activities is to be sought, as well as greater use of representations and thought leadership to achieve impact and visibility. Many of the individual committee members each agreed to concentrate on helping the faculty to develop a more targeted approach to the needs of individual categories of the faculty's membership and potential membership, or to develop closer relationships with other particular groups of the faculty's stakeholders.

The IT Faculty was again represented on the Institute's presentation stand at Softworld's Accounting and Finance Exhibition at the NEC, Birmingham, in October 2007, in order to promote the faculty and its products and to engage with the many members of the faculty, and the Institute more generally, who attend the exhibition.

Software standards

The IT Faculty continues to represent the Institute within XBRL UK, which is part of the XBRL International consortium developing technical standards to underpin the electronic transmission of financial reports between companies, regulators and other users.

The IT Faculty held an *XBRL Implementation Seminar* in December 2007, with the participation of HMRC and Companies House, with the main aim of providing software companies which produce accounts preparation or taxation packages with an overview of the issues in current and planned implementations of e-filing in the UK using XBRL. Representatives of all the main software suppliers involved in this activity attended the seminar. The event also enabled HMRC and Companies House to hear the views and benefit from the experience of the software companies, who between them provide the software that will be used for most of the online filings.

The IT Faculty also facilitated two further meetings in 2007 of the Practice Software Suppliers' Forum, which is directed towards the agreement of technical standards for compatibility between software packages, typically used by general practitioners, supplied by different software vendors. These activities are undertaken in the interests of our members, who would clearly benefit from better software or more relevant software functionality.

What we did in 2007 for ICAEW Technical Strategy

Thought leadership and promotion

The IT Faculty held the first Round Table discussion and dinner in our thought leadership research programme, *Making Information Systems Work*, at Chartered Accountants' Hall in May 2007.

This Round Table was designed to contribute to the work we are undertaking to develop new insights on the theme of *Value from IT investment and use*. The discussion focused on how information technology changes the way organisations operate and therefore generates new ways of achieving value. Participants included representatives of government, practice, business and academia.

An advisory panel meeting was set up for the forthcoming report on *Measuring IT returns – optimising the value of IT investment*, consisting of representatives from business, professional practice and government.

The IT Faculty's second theme in its *Making Information Systems Work* thought leadership initiative, *Trust*, was launched with a meeting and round table discussion of the Advisory Group for the theme. This group includes participants from business, the IT industry, the accounting profession, the government, academia and other specialist bodies in the field.

Ongoing thought leadership activity included an article for the Institute of Management Information Specialists (IMIS) (a UK-based largely international organisation for IT professionals). An article to promote the thought leadership programme was published in the April 2007 edition of *Accountancy* magazine on *The business case for taking IT seriously*. An article, outlining the work we are doing on value and inviting contributions and input, was also published in the Finance and Management monthly magazine.

Representations

The IT Faculty submitted a response to an OECD online public consultation on the topics and issues to be discussed at the OECD's forthcoming ministerial meeting on the Future of the Internet Economy. The ministerial meeting will represent an opportunity for high-level stakeholders from government, business, the technical community, and civil society to consider broad social, economic and technical trends shaping the development of the internet economy. The comments covered three of the four themes of the ministerial meeting: using the internet to improve future economic performance and social welfare, benefiting from convergence of technologies, and building confidence in the internet economy.

The IT Faculty submitted a response to a *Questionnaire for an EU Strategy for International Co-operation on ICT*, published by the European Commission. The comments covered the topics of RFID, network and information security (including spam, spyware and malware) and internet governance.

The IT Faculty contributed to the Technical Strategy comments on the European Commission's Communication on a Simplified Business Environment for Companies in the Areas of Company Law, Accounting and Auditing.

IT Faculty representatives attended a number of meetings during 2007 relating to technical aspects of the proposed eventual mandatory e-filing, using XBRL, of the accounts and computations that accompany corporation tax returns.

The IT Faculty also commented on an ISACA Exposure Draft IS Auditing Guideline on IT Organisation, identifying some elements of inconsistency and making suggestions for improvement of understanding.

The IT Faculty co-operated with the Audit and Assurance Faculty in responding to an ISACA exposure draft *IT Assurance Framework (ITAF)*, which provides guidance on the design, conduct and reporting of IT assurance assignments, such as those covered by the recent IT Technical Release ITF 01/07.

Research

The IT Faculty's investigations of possible academic research on digital reporting (with particular reference to XBRL) with Birmingham University (Birmingham Business School) led to the approval by the Institute's Centre for Business Performance of a research project by the business school in conjunction with Aston University and the University of Waikato, New Zealand.

Co-operative technical activities

The IT Faculty's technical committee agreed to co-operate with the eBusiness and Financial Special Interest Groups of BASDA (The Business and Accounting Software Developers' Association) towards the improvement of software for the business market.

Towards the end of the year, the IT Faculty worked extensively on the technical aspects of the proposed ICAEW IT CPD website (which was launched as "IT Counts" in early 2008), developed by the Institute in association with Microsoft. The faculty has responsibility for providing site content.

John Oates (chairman of the IT Faculty Technical Committee) and other IT Faculty representatives had discussions, with representatives of CIPFA's IT Panel, on possible future co-operative activity. One of the main objectives of CIPFA's IT Panel is to help drive forward the transformational government and shared services agenda so as to improve the performance and delivery of local public services.

Faculty Committee Members during 2007

Roland Brook	London
Piers Clinton-Tarestad (from May 2007)	Birmingham
Michael Hadfield	Derbyshire
Ben Heald	Bristol
Stephen Hinde	London
Simon Hurst (a Vice-chairman from May 2007)	West Sussex
William List (until November 2007)	Essex
Alan Livesey (Deputy Chairman from May 2007)	Edinburgh
Nicola McAlpine	Derbyshire
John Oates (Deputy Chairman until May 2007; then a Vice-Chairman)	Manchester
Andrew Riley	London
Nina Robinson	Cheshire
Kevin Salter	Devonshire
Jonathan Teller (Chairman)	London
Ian Whittaker	Berwickshire
Paul Williams (a Vice-chairman from May 2007)	Surrey
Simon Witkiss	Berkshire

Faculty Contributors

We are also grateful to many other members and others who contributed to the IT Faculty's information bulletins and e-bulletins, events, technical work and presence at exhibitions, or who provided technical support for the Faculty's public representational work. In addition, a number of members and others have contributed to the work of the Faculty Committee and the Faculty's Technical Committee, Education and Professional Qualifications Panel, and to technical working groups.

These included in particular:

IT Faculty Technical Committee members, including members from software suppliers:

Richard Anning	COA Solutions
David Clark	
Ian Clarke (part year)	Sage
Peter Cooke	
Kathryne Jobling	Pegasus
Dennis Keeling	BASDA
Ara Martirosian	Red IT
Kevin Misselbrook	Access Accounting
Guy Letts (part year)	Sage
Peter Morriss	
George Quigley	
Ian Smith	
Henry Wallis	
Andrew Whitton	

Other contributors to IT Faculty activities:

Allan Boardman
Jonathan Evans
Mike Francis
Lynn Lawton
Bob Newbould
Steve Newton
Julie Oakley
Alan Phillips
Dick Price
Alan Rainford
Sarab Sembhi
Chris Tiernan
Sandra Vogel
Lisa Williams

Faculty Staff

Paul Booth, Technical & Development Manager

paul.booth@icaew.com

John Court, Head of Faculty

john.court@icaew.com

Kirstin Gillon, Technical Manager

kirstin.gillon@icaew.com

Catherine Martin, Faculty Administrator

catherine.martin@icaew.com

Jean Peto, Services Manager

jean.peto@icaew.com

Information Technology Faculty

The Institute of Chartered Accountants in England and Wales

PO Box 433

Moorgate Place

London EC2P 2BJ

E [*itfac@icaew.com*](mailto:itfac@icaew.com)

T +44 (0)20 7920 8481

F +44 (0)20 7920 8657

[*www.icaew.com/itfac*](http://www.icaew.com/itfac)

FACULTY OF INFORMATION TECHNOLOGY
Financial Statement
Year ended 31 December 2007

	Note	2007 £000	2006 £000
Income			
Faculty subscriptions		308	300
Interest on funds held		6	5
Seminars, roadshows and events		50	30
Annual conference		3	0
Publication sales and other income		20	43
Total Income		387	378
Expenditure			
Employment costs		327	281
Seminars, roadshows and events		32	21
Annual conference		4	0
Chartech bulletins		44	43
Technical publications		31	45
Other printed material		3	4
Postage and telephone		23	35
Other services to members		57	87
Miscellaneous		3	4
Irrecoverable VAT		11	13
Internal recharges	1	113	113
Defrayment of costs by Institute for Faculty activities which benefit all Institute members		(212)	(167)
Total Expenditure		436	479
Deficit for the year		(49)	(101)
Share of IAS19 pension surplus/ (deficit)	2	84	(40)
Deficit brought forward from previous year		(222)	(81)
Deficit carried forward		(187)	(222)

Jonathan Teller
Chairman

Note 1 - The Institute recharges for accommodation and common office services across all departments.

Note 2 - Under International Financial Reporting Standards, the Institute is required to recognise the deficit on its defined benefit pension scheme in full. The faculty's share of the 2007 actuarial gain was £84k (2006: £40k loss).

FACULTY OF INFORMATION TECHNOLOGY

Financial Statement

Year ended 31 December 2007

**ACCOUNTANTS' REPORT TO THE MEMBERS OF THE FACULTY OF
INFORMATION TECHNOLOGY**

We have examined the financial information for the year ended 31 December 2007 set out above and tested on a sample basis, items of income and expenditure shown therein.

This financial information has been properly extracted from the books and records of the Institute of Chartered Accountants in England and Wales, of which we are auditors and on whose financial statements we have issued an unqualified audit opinion on 18 March 2008.

Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
4 April 2008