The Institute of Chartered Accountants of Pakistan

Information Technology Management, Audit and Control

Final Examination   4 June 2012
Summer 2012   100 marks - 3 hours
Module E   Additional reading time - 15 minutes

Q.1   While conducting IS audit of Wonder Bank Limited you have observed the following roles/duties assigned to various users:
      (a)   Tape Librarian records scheduled backups.
      (b)   Application Programmers perform changes in test programs.
      (c)   Operational support staff executes changes in batch schedules.
      (d)   One of the Application Programmer is also responsible for Security Administration.
      (e)   Database Administrator performs data entry tasks during peak load period.

      Required:
      Analyze each of the above observations and discuss the risk of fraud/weakness, if any, in each case.
                                                                         (10 marks)

Q.2   You are a member of the team which is conducting the IS audit of Awesome Textiles Limited (ATL). ATL has a well-established IS Department and a dedicated in-house Systems Development team. The key members in the team are System Development Manager, Project Manager, System Analyst and Quality Assurance Manager.

      Your team leader has assigned you to evaluate the following risk:
                          "New programs or the changes made in existing programs are NOT authorized,
                          tested and documented and may NOT operate as planned".

      Required:
      (a)   Identify any 12 controls which you would expect to exist to mitigate the above risk.   *(09 marks)*
      (b)   Also identify the member of the System Development Team who should be responsible for each control identified in part (a) above.   *(06 marks)*

Q.3   (a)   Briefly describe five important factors that should be considered, and their significance, in the development of an appropriate recovery strategy as part of a comprehensive Business Continuity Plan.   *(08 marks)*

      (b)   Fluent Services is a joint venture company which provides utility services. Last year FS lost its major IT assets on account of floods. Consequently, some of its IT services had to be discontinued for extended periods, although a comprehensive Business Continuity Plan had been prepared in 2010.

          Required:
          Identify the possible reasons for discontinuation of services for extended periods as discussed above.   *(03 marks)*

Q.4   You are working as the IT Manager of Astonishing Plastic Limited (APL) which is a medium sized manufacturing company. APL is in the process of revamping its accounting and information systems. Various proposals have been received from different software houses for development of the required system. The software houses intend to follow either the SDLC approach or the Prototype approach.

      Required:
      Prepare a write up for presentation to the Procurement Committee, containing the following:
      (a)   Analysis of the merits and demerits of the two approaches.   *(06 marks)*
      (b)   The steps involved in Prototyping approach.   *(04 marks)*

Q.5 (a) Briefly describe the key contents of an audit charter.   *(08 marks)*

(b) Your firm has recently been engaged to conduct audit of Stupendous Asset Management. The company executes a large number of e-business transactions in real time sharing environment in almost a paperless environment. Being IS Expert of the audit team, you were required to evaluate the operating controls on a continuous basis without disrupting the organization's normal business operations.

Required:
(i) Briefly explain any four automated evaluation techniques which you could use to perform the given task.   *(06 marks)*
(ii) List down the factors that you would consider while selecting an appropriate continuous online auditing technique.   *(02 marks)*

Q.6 Digital Peak Limited (DPL) is a large importer of Chinese brands of mobiles, tablets, laptops and related accessories. Sachal, the newly appointed Business Development Manager has come up with an idea that DPL should launch an online store to boost its sales. Further, DPL should promote its online store in the urban as well as rural areas specially where universities and reputed institutions are situated. However, the management has reservations regarding various aspects of the online business.

Required:
On behalf of Sachal, prepare a note to convince the management describing:
(a) How an online store is more customer friendly than a traditional store.   *(04 marks)*
(b) The measures which DPL could take to facilitate the customers and alleviate their security concerns.   *(08 marks)*

Q.7 Briefly describe the key objectives of Business Process Reengineering (BPR) and identify the important steps that form part of a BPR exercise.   *(06 marks)*

Q.8 Splendid Medicines Limited (SML) is a medium sized organization having different types of network infrastructures such as LANs, WANs, WLANs, VPNs, etc. Being an Internal Auditor of SML you have been assigned to make an assessment of the major threats to its networks, together with the potential impact and probability of occurrence of each threat.

Required:
List the important information which would be required by you for carrying out an effective assessment as discussed above.   *(10 marks)*

Q.9 Flash Marketing Limited (FML) is a medium sized fast moving consumer goods distributor. Few months ago, FML got its website revamped by Web Experts Limited (WEL). The new website has interactive features with separate areas designated for different stakeholders. On expiry of the free service period, WEL has proposed FML to enter into a 3 years contract for website administration and maintenance. Under the proposed agreement, WEL would also be responsible to update website as instructed by FML. However, all changes in design would be billed separately.

Required:
(a) Identify the risks that FML may face if it decides to accept WEL's offer.   *(04 marks)*
(b) Identify the measures through which FML could mitigate the risks identified in part (a) above.
   (06 marks)

(THE END)