The Institute of Chartered Accountants of Pakistan

Information Technology Management, Audit and Control

Final Examination   9 December 2011
Winter 2011   100 marks - 3 hours
Module E   Additional reading time - 15 minutes

Q.1   Thriving Limited (TL) is a fast growing distribution company. In a short period of time, the IT
        function of TL has become the prime facilitator and enabler of its business and consequently the
        management has taken various steps to improve its efficiency and effectiveness. In this regard an IT
        Strategy and Steering Committee has been formed. The Committee has taken various steps that
        include devising new strategies and plans, restructuring of IT department, upgradation of facilities
        and human resources within IT department and documentation of internal controls and procedures
        etc. to achieve the desired result.

        You have been hired as an IT and Management Consultant to carry out a critical evaluation of the
        steps taken by the Committee.

        Required:
        (a) Specify the information which you would like to gather as regards TL's IT strategy. **(05 marks)**

        (b) Identify the matters that you would consider in evaluating:
             (i)   the strategic planning process; and   **(05 marks)**
             (ii) the organisation of TL's IT function.   **(08 marks)**

Q.2   Database failures are a cause of concern for many organisations. You are required to prepare a note
        explaining the following:
        (a) **four** common causes of database failures; and   **(04 marks)**
        (b) **four** common database backup strategies, to minimise the risk of loss of data.   **(08 marks)**

Q.3   WAO Limited is facing fierce competition. Besides other problems, customers' satisfaction surveys
        have suggested that the customer support function is not performing effectively and efficiently.
        Consequently, the company is losing its market share day by day. It has therefore decided to re-
        organise the customer support function.

        As part of the above exercise, you have been assigned the task of revamping the customers' help
        desk to ensure that it is able to meet its objectives effectively.

        Required:
        Identify key objectives of the help desk function and briefly explain what actions are needed to
        achieve them.   **(09 marks)**

Q.4   E–commerce has gained a significant share of the overall market for goods and services in many
        countries. However, in addition to its advantages, e–commerce has several limitations including
        risks for commercial organizations as well as individual consumers.

        Required:
        Briefly explain the risks associated with the use of e–commerce, from the customers as well as the
        sellers' point of view and suggest measures that can be adopted to mitigate them.   **(12 marks)**

Q.5 You are working as Manager IT Audit in YEP Consultants. Trade Power (TP), which is a midsized retailing and distribution company, has approached your firm for post-implementation review of its recently established Virtual Private Network.

Required:
List the steps that you would undertake:
(a) while planning the high level risk assessment of TP's Virtual Private Network; and
(b) in determining the scope and objectives of the above assignment. *(06 marks)*

Q.6 The management of Utmost Textiles (UT) has decided to acquire an ERP solution. The ERP consultant hired by the management is of the view that UT must conduct a business process re-engineering (BPR) exercise before acquiring the ERP solution. However, in order to save time, the management wants to conduct the BPR exercise concurrently with the implementation of the ERP solution.

Required:
(a) Explain the benefits of carrying out the BPR exercise. *(03 marks)*
(b) Comment on the management's plan of concurrently carrying out BPR along with ERP implementation. *(05 marks)*
(c) What matters should be considered while evaluating and selecting a suitable ERP package? *(05 marks)*

Q.7 (a) Identify any **six** factors that need to be considered while making a decision as regards the use of Computer Assisted Audit Techniques (CAATs). *(06 marks)*
(b) Describe the steps that need to be taken while planning the use of CAATs. *(07 marks)*

Q.8 As part of an IS audit, you are documenting the IT general controls and mapping them with the best practices. You have noted that all the users have access to the entire printing options. The client is of the view that this practice makes the system user friendly and enhances its operating efficiency. The client also believes that it would not create any threat.

Required:
Comment on the arguments provided by the client and state what action would you take. *(05 marks)*

Q.9 Your firm is engaged in the audit of an information system processing facility. You have been assigned the task of evaluating the effectiveness of the logical and environmental controls related to the following areas:
(i) Data confidentiality, integrity and availability
(ii) Power and fire hazards

Required:
Specify the questions that you would ask and the matters that you would like to observe to assess the effectiveness of controls related to the above areas. *(12 marks)*

(THE END)