



## Information Technology Management, Audit and Control

Final Examination  
Winter 2013  
Module E

2 December 2013  
100 marks - 3 hours  
Additional reading time - 15 minutes

Q.1 FMC Associates provides financial and management consultancy services. Its internal auditor has recently completed a review of its information systems and reported the following key findings:

- (i) Security controls over personnel are lacking.
- (ii) Information Security objectives related to personnel have not been developed.
- (iii) Acceptable Usage Policy (AUP) is very brief as it does not cover all aspects of the technology usage.

**Required:**

- (a) Briefly discuss the significance of the issues raised by the internal auditor. **(03)**
- (b) Identify any **four** information security objectives for inclusion in the information security policy of the company. **(04)**
- (c) Identify the important matters that should be covered in the AUP of the company. **(07)**

Q.2 Your firm is conducting IT audit of Elegant (Private) Limited (EPL) which is a distributor of FMCG and has a network of branches across the country. Successful implementation of an ERP system in the company last year has led to widespread availability of information in all business areas.

Being the job in-charge on this assignment you have decided to adopt 'concurrent auditing techniques'. However, the audit manager has advised you that since concurrent auditing techniques have never been used previously, the change should be communicated to the client before implementing the same.

**Required:**

Prepare a note for EPL's management describing briefly:

- (a) the factors which have necessitated the use of concurrent auditing techniques; and **(07)**
- (b) any **three** commonly used concurrent auditing techniques. **(06)**

Q.3 Adorable Kids Limited (AKL) is a medium sized manufacturer and exporter of children-wear. During past nine months, AKL had incurred losses on two large export orders due to delayed shipments. The production manager blamed the suppliers for late delivery of production material whereas the suppliers were of the view that the orders were not placed on time. After due deliberations, the management is considering to adopt an e-business model to help minimize such issues.

**Required:**

- (a) Identify and briefly explain an appropriate e-business model which AKL may adopt in the given situation and specify its key characteristics. **(04)**
- (b) State **four** benefits of the e-business model identified by you. **(04)**
- (c) Specify any **six** barriers in implementing the identified model. **(03)**

Q.4 Business organisations employ different types of IT control policies and procedures. Some of these are as follows:

- (i) Password policy.
- (ii) User access authorisation policy.
- (iii) Monitoring of logical access control procedures.
- (iv) Information Security incident handling procedures.

**Required:**

State how you would verify the effectiveness of the above policies and procedures.

(Give any **three** points in respect of each of the above)

**(12)**

Q.5 You have recently joined as IT Manager of Smart Finance Securities (SFS) which is a reputable medium-sized share brokerage house. SFS processes an average of 10,000 transactions in a day. Though SFS can retrieve record of transactions of the preceding 30 days from the stock exchange, full backup is also recorded on magnetic tapes on every alternate day. Such backup is maintained for three months.

Former IT Manager had proposed to replace the existing backup method with a real time back-up mirrored on the live (same) server. He had also proposed to record monthly backups on DVDs which would be retained for 12 months. However, the CEO had opposed the idea because he was of the view that SFS should simply retrieve monthly backups of its transactional data from the stock exchange and retain it for one year. According to the CEO even the current backup procedures are not necessary.

**Required:**

- (a) Comment on SFS's current backup strategy as well as the strategy proposed by the former IT Manager and the views of the CEO. **(04)**
- (b) Give your recommendations along with appropriate justification regarding the most efficient and effective way of keeping the backup. **(06)**
- (c) Besides taking backups, what other measures should be taken to ensure that SFS is able to restore the data whenever required. **(06)**

Q.6 Wola & Co. maintains an e-business website where individuals and businesses can sell and purchase goods. The new marketing manager of the company has suggested that the company's website should be WebTrust compliant. In his opinion, this would not only help the company in expanding its business but would also reduce the risks to which Wola & Co. may be exposed to.

**Required:**

Prepare a report for the management containing the following information:

- (a) Brief explanation of how WebTrust assurance could help improve sales and reduce the associated risks. **(03)**
- (b) WebTrust principles and brief description of procedures to ensure compliance of any three such principles. **(12)**

Q.7 To restrict a computer program from unstructured changes and keep it easier to maintain, an effective change management process should be in place.

**Required:**

Describe **six** essential control measures that should be in place, in an effective change management process. **(09)**

Q.8 Lala Group of Companies (LGC) has offices in all major cities of the country. After detailed evaluation of the group's requirements, LGC has decided to outsource its IT function. Requests for proposals have been invited and a high level committee has been formed to evaluate these proposals.

**Required:**

State the factors which the committee should consider while evaluating the proposals.

**(10)**

**(THE END)**