THE INSTITTUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF PAKSITAN (ICPAP)

Stage	**Essentials**	Course Code	**E-303**
Examination	**Summer-2011**	Course Name	**Information Technology Management, Audit & Control**
Time Allowed	**03 Hours**	Maximum Marks	**100**

NOTES:
1.   All questions are to be attempted.
2.   Answers are expected to the precise, to the point and well written.
3.   Neatness and style will be taken into account in marking the papers.

Question No 1

Irfan & Co is a highly progressive and a large garment manufacturing company. You have recently joined as its IT Manager. After reviewing the system you had a meeting with the CEO and the General Manager (GM) in which you explained the need to develop a formal IT strategy for the company. The CEO seemed to understand your point of view. However, the GM argued that the company's systems are performing well. The company is making extensive use of IT in the areas of finance, production, marketing and HR. The departmental heads are satisfied and feel that information being generated by the system is quite useful and adequate for their decision making needs. The GM therefore seemed to disagree with you.

Required:

The CEO has asked you to prepare a note explaining the following:
(a) Why is it important for Irfan & Co to develop an IT strategy?
(b) The aspects which should be considered while developing the IT strategy.
(c) The typical contents of an IT plan.

Question No 2

Super Stones Limited makes stone jewelry, clay pots and decoration pieces depicting the Indus Valley civilization. It has sales outlets in two major cities of the country. Due to increasing interest of tourists in its products, the management has started a project to launch an e-commerce enabled website. The management has appointed you as their consultant for this project.

Required:
(a) Develop a questionnaire to be filled by the management, in order to enable you to carry out the following:

(i) Ascertain the viability of the project.
(ii) Determine the resources required to host the website.
(iii) Plan the customer services and support requirements.

(b) Suggest suitable measures to ensure that the website remains (i) secure, (ii) updated and (iii) available.

Question No 3

You have been appointed by Silk Bank Limited to review various controls over its nationwide money transfer service which has been launched recently. To avail the service it is not necessary for the customers to open an account or even to visit the bank premises.

PBL has authorized various merchants to execute the transactions. Customers are required to fill a form containing the following fields:

- Name of sender
- CNIC # of sender
- Mobile/Phone number of sender
- Name of receiver
- CNIC # of receiver
- Mobile/Phone number of receiver
- Amount to be sent

To initiate the transaction, the merchant logs on to the bank's website using his ID and password and enters the transaction details. The sender is then requested to enter a password which he has to communicate to the receiver. Transaction confirmation alerts are received by the sender as well as the receiver, on their mobile phones. The receiver is required to visit his nearest authorized merchant to collect the money. He receives the money on showing his original CNIC, transaction confirmation SMS and the password set by the sender.

Required:
Explain how you would evaluate the following types of controls relating to the above situation:

(a) Input Controls
(b) Transmission and System Failure Controls

Question No 4

To secure the most competitive prices, the IT Manager of Natural Pharmaceuticals Limited has suggested that annual IT requirements as approved in the budget should be purchased in bulk at the start of the year. One of the Directors is however of the view that such a practice would not be in the best interest of the company. He has recommended introducing a suitable cost charge out method for controlling the IT expenses.

Required:

(a) List three benefits and three drawbacks of the system of bulk purchasing as recommended by the IT Manager.

(b) Briefly explain any two methods of charging IT costs. Give three advantages and three disadvantages in each case.

Question No 5

The IT department of Boom Brokerage House (BBH) consists of five employees. BBH has a network of 100 computers. The information processing system is centralized. Internet and e-mail facility is available to selected users.

You are conducting the information system audit of BBH. While interviewing users and observing various processes, you learned that:

- CEO of the company has wide experience of investment and commercial banking with working knowledge of IT.

- Sensitive data is available only to the CEO and few senior management personnel. However, only CEO has the password to open the sensitive database in edit mode. After entering the password, the necessary editing is carried out by the IT Manager.
- Domain accounts of users are created by Assistant Manager IT and their initial passwords are communicated to them verbally. Users can change their passwords whenever they want. However, they cannot repeat their last five passwords. The passwords can have a maximum of 32 characters but there is no minimum limit.
- Users can log in from any terminal and are allowed to log in from a maximum of two terminals at a time.
- Clients' data is accessible to users according to their job descriptions. Job descriptions are defined by the HR department in consultation with the relevant departmental heads and are finally approved by the CEO. Additional rights are allowed on need to have basis, on verbal instructions of the CEO.
- Administrator password of the domain is shared between IT Manager and his Assistant Manager, for maintenance and support purposes.

Required:

Identify six risks and the consequences thereof, in the above scenario. Specify at least one mitigating control in each case.

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