

## CA FINAL ISCA-MAY 2016 ATTEMPT

Q.1(a) What are the key management practices which are required for aligning IT strategy of BB with its enterprise strategy? (5 Marks)

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### 6.8.4 Key Management Practices for Aligning IT Strategy with Enterprise Strategy

*By now, we have seen that in addition to enterprise strategy, IT strategy will also be made. Now we have to ensure that both strategies go hand in hand in the sense that both strive to achieve the same goal and work for accomplishment of similar objectives.*

**PM/RTP May 2015: Discuss the key management practices, which are required for aligning IT strategy with enterprise strategy. (6 Marks, May 2015)**

**The key management practices, which are required for aligning IT strategy with enterprise strategy, are highlighted here:**

Q.1(b) What are the IT tools you consider critical for business growth? (5 Marks)

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### 2.6 Overview of Underlying IT Technologies

Now day's business uses IT to carry out basic functions including systems for selling items, capturing the sales data by item, stock control, buying, management reports, customer information, decision making, accounting etc.

**Modern business uses Information Technology to carry out basic functions including systems for sales, advertisement, purchase, Management reports etc. Briefly discuss some of the IT tools crucial for business growth. (6 Marks, November 2014)**

**Here, we discuss some of the IT tools crucial for business growth.**

Q.1(c) What are the suggested system control that should be covered under IS audit as per the requirement of Reserve Bank of India? (5 Marks)

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### 7.11.2 Requirements of RBI for System Controls & Audit

**IS audits are gaining importance as key processes are automated** or enabled by technology.

The Reserve Bank of India (RBI) has been at the forefront of recognizing and promoting IS Audit internally and across all the stakeholders including financial institutions. **RBI has been proactive in providing guidelines on key areas of IT** implementation by using global best practices. They have constituted various expert committees who review existing and future technology and related risks and provide guidelines, which are issued by all stakeholders.

Primarily, **RBI** suggests that senior management and regulators need an assurance on the effectiveness of internal controls implemented and **expect the IS Audit to provide an independent and objective view of the extent to which the IT related risks are managed.**

**Some areas of review covered by IS Audit assignments are given here.**

**(i) System Controls:**

Q.1(d) Explain the five stages or components of the BCM process which will help BB to manage any further disruptions of proposed new Core Banking System\*. (5 Marks)

*\*based on case study*

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#### 4.6 Components of BCM Process



Q.2(a) Operating System not only provides the platform for an application to use various IS resources but is also the last barrier to conquer unlimited access to all the resources. Explain the statement by describing any six operating system access controls to protect IS resources from unauthorized access. (6 Marks)

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#### d. Operating System Access Control

Operating system provides the platform for an application to use various IS resources and perform the specific business function. If an intruder is able to bypass the network perimeter security controls, the operating system is the last barrier to be conquered for unlimited access to all the resources. Hence, protecting operating system access is extremely crucial.

Q.2(b) Cloud computing service providers offer these services on the line of several fundamental models. Describe the various types of Cloud Computing Models. (6 Marks)

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#### 8.2.5 Cloud Computing Models

Cloud computing service providers offer their services on the lines of **several fundamental models Infrastructure as a service, Software as a service, Platform as a service.**

**Cloud Computing Service Models**

**RTP May 2015: Platform as a Service (PaaS) and Software as a Service (SaaS)**

**PM: Platform as a service and infrastructure as a service are two of the three main categories of cloud computing. What's the third category? Explain in brief.**

Q.2(c) Discuss the factors to be considered to validate a vendor's proposal at the time of software acquisition. (4 Marks)

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**(E) Methods of validating the proposal:** Large organizations would naturally tend to adopt a sophisticated and objective approach to validate the vendor's proposal. Some of the validation methods are given as follows:

**RTP May 2014: What may be the major validation methods for validating the vendors' proposal?**

Q.3(a) Maintaining the system is the important aspect of system development. Elaborate the various categories of system maintenance. (6 Marks)

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System Maintenance: (5 Marks, November 2005, May 2007, November 2008)

(4 Marks, November 2011)

Briefly explain about various categories of software maintenance used in System Development

Life Cycle (SDLC).

(6 Marks, May 2014)

RTP Nov 2015: "Maintaining the system is an important aspect of SDLC". Considering this statement; list out various categories of System Maintenance in SDLC.

- ◆ Maintaining the system is an **important aspect** of SDLC.
- ◆ Most information systems *require at least some modification* after development.
- ◆ The **need for modification arises from a failure to anticipate all requirements** during system design **and/or from changing organizational requirements**

Maintenance can be categorized in the following six ways:

Q.3(b) ABC Ltd is looking for the suitable IS auditor. Please send a introductory note to ABC Ltd explaining your suitability by describing the skill set and competence you possess for the job other than your qualification.

(6 Marks)

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### 1.3.1 Skill set of IS Auditor/ Responsibility of IS Auditor

The audit objective and scope has a significant bearing on the skill and competence requirements of an IS auditor.

What is the skill set expected from an IS Auditor?

(6 Marks, May 2012)

Explain the set of skills that is generally expected of an IS auditor.

(6 Marks, November 2012)

PM: Explain the set of skills that is generally expected of an IS auditor.

*Code: Before you read this answer, ask yourself what skills you will expect as a CEO of company?*

*Obviously, the first thing comes to mind is CA qualification; the next could be DISA certificate. Hmm,*

*what next? Akin to Accounting & Auditing standards, there is IT standards, which you can expect IT*

*auditor to be familiar with. Sound knowledge of business is must irrespective of the type of audit.*

*Grow up now! Too much of general discussion, won't you expect auditor to know risk and controls?*

The set of skills that is generally expected to be with an IS auditor include:

Q.3(c) ABC Ltd is not aware of the importance and requirement relating to "Retention of electronic records as per IT act, 2008." Please enlighten them on this. (4 Marks)

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### Information Technology Regulatory Issues

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[Section 7] Retention of Electronic Records

How is the term 'Electronic Record' defined in IT (Amended) Act 2008? What is the provision given in the IT Act for the retention of Electronic Records? (6 Marks, May 2012)

Q.4(a) Describe how the application controls and their audit trails are categorized.

(6 Marks)

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### Information Systems Control and Audit

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### 1.7 Application Controls and their Audit Trails

Application Controls and their categories have been explained in detail in Chapter 3 of this material. We may however take an overview of the same.

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**Q.4(b) Describe the prototyping model of system development explaining the generic phases of this model. (6 Marks)**

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### **5.4.2 The Prototyping Model**

**PM: Briefly explain Prototyping approach.**

**What is prototyping approaches to systems development? Describe its advantages and disadvantages also. (10 Marks, November 2007)**

**What is the goal of a prototype model approach of software development? Enumerate the strength of this model. (6 Marks, May 2013)**

**Basic Principles: Prototyping can be viewed as a series of four steps:**

**Discuss the four steps of the prototyping approach in system development.(8 Marks, May 2004)**

**Q.4(c) Describe the major components of Web 2.0 for Social Networking. (4 Marks)**

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### **8.5.3 Components of Web 2.0 for Social Networks**

**RTP Nov 2015: If you consider Web 2.0 as an ideal platform for implementing and helping social networks to grow, what are the major components of Web 2.0?**

**Q.5(a) As an IS auditor you want to use the SCARF technique for collecting some information, which you want to utilize for discharging some of your functions. Briefly describe the type of information that can be collected using SCARF technique. (6 Marks)**

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**System Control Audit Review File (SCARF):**

**As an IS Auditor, explain the types of information collected for auditing by using System Control Audit Review File (SCARF) technique. (4 Marks, May 2011)**

**What do you mean by 'System Control Audit Review File' (SCARF)? What types of information can be collected by Auditor using SCARF? (6 Marks, May 2013)**

*(Here IT auditor will insert SCARF module in client's system and whatever input is made by client is processed twice, once by system and another time by SCARF module in this system. Both this outputs are than recorded into a SCARF master file and auditor will than review it for any discrepancies)*

**PM: What do you understand by SCARF technique? Explain various types of information collected by using SCARF technique in brief.**

**Auditors might use SCARF to collect the following types of information:**

**Q.5(b) Describe the various benefits of mobile computing. (6 Marks)**

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### **8.3.2 Mobile Computing Benefits**

**PM: Explain some tangible benefits of mobile computing.**

In general, the mobile computing is a versatile (*adaptable*) technology that increases information quality and accessibility, enhances operational efficiency, and improves management effectiveness.

**But, more specifically, it leads to a range of tangible benefits, including the following:**

*Code: Sales man need access to work order details for updating it, bank customer needs access to banks services anytime anywhere, audit article need access to knowledge base and audit partner want to become effective by controlling audit article who is at audit place.*

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Q.5(c) Feasibility study is an important aspect of SDLC. Explain the dimensions, which are evaluated for this study. (4 Marks)

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The Feasibility Study of a system is evaluated under following dimensions described briefly as follows:

Code: The LOSER BF

Q.6(a) The advent of computer has drastically transformed the mode of evidence collection by an auditor. Discuss the various issues involved in performance of evidence collection and understanding the reliability of controls. (6 Marks)

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## Information Systems Control and Audit

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### 1.2.2 Effect of Computers on Audit

Compared to traditional audit, evidence collection has become more challenging with the use of computers to the auditors. What are the issues, which affect evidence collection and understanding the reliability of controls in financial audit? (6 Marks, November 2014)

PM: Discuss the issues relating to the performance of evidence collection and understanding the reliability of controls.

Q.6(b) What are the steps taken by an IS auditor with respect to IT in process of BCP/DRP audit? (6 Marks)

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*Information Technology*

While auditing a Disaster Recovery Plan (DRP) for information technology (IT) assets, what concerns are required to be addressed? Briefly explain. (4 Marks, May 2014)

Q.6(c) Explain any four advantage of electronic door locks over bolting and combinational locks as a part of physical access controls. (4 Marks)

Snap from Page No. 115 of ISCA Re-Engineered® authored by CA. Bhinang Tejani-Published by Shuchita Prakashan  
The following are the advantages of electronic door locks over bolting and combinational locks:

Q.7(a) Issues to be addressed by Information Security Policy. (4 Marks)

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### 3.4.2 Issues to address

What is Information Security Policy? What are the issues it should address? (4 Marks, May 2013)

The policy should at least address the following issues:

Q.7(b) Any four major impacts of Technology on Internal Controls. (4 Marks)

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### 3.5.4 Impact of Technology on Internal Controls

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### 6.5.4 Governance of Enterprise IT (GEIT)

PM/RTP Nov 2014: What do you understand by GEIT? Also explain its key benefits.

**Governance of Enterprise IT** is a sub-set of corporate governance and **facilitates implementation of a framework of IS controls** within an enterprise as relevant and encompassing all key areas.

### 6.5.5 Benefits of GEIT

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### 6.9.4 Risk Management Strategies

PM: Briefly explain various risk management strategies.

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## Information System Concepts

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### (B) Cross Functional Information Systems –

It is **also known as integrated information system that combines most of information systems** and **designed to produce information and support decision making for different levels of management and business functions.**

Example – Enterprise Resource Planning (ERP).

**(a) Enterprise Resource Planning (ERP)** - Enterprise resource planning (ERP) is **process management software** that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources.

ERP software **integrates all facets of an operation**, including product planning, development, manufacturing, sales and marketing.

ERP software is considered an **enterprise application** as it is designed to be used by larger businesses and often requires dedicated teams to customize and analyze the data and to handle upgrades and deployment. In contrast, Small business ERP applications are lightweight business management software solutions, customized for the business industry we work in.

### (i) Components of ERP