

Savitribai Phule Pune University
Department of Management Sciences (PUMBA)
Executive MBA
2nd Year (Semester –IV) External Exam April- 2015
405(E)-Information Systems Audit & Control

Time: 2hrs.

Marks: 50

Note:-

- Use same answer sheet for part A and part B

Part A: Solve any TWO from the below.

Each Carry Equal Marks (10 X 2 = 20)

1. Why audit is important for organization? Which audit standards are available? Explain.
2. What are the various types of controls that can be exercised during individual Information Systems Audit?
3. What are different problems while conducting audit & how to handle them? What are different roles of auditor & management in stages while conducting audit.?

Part –B: Solved any ONE of the Two Cases.

Marks: 30

Case - I

Harrison University is a large university with about 30,000 students offering a wide range of courses in the humanities and the physical, social, behavioral, health, agricultural, biological, and engineering sciences. The existing computing facilities are divided between two groups: an academic computing center and an administrative computing center. Each group has its own hardware, software, personnel, and so on., and each operates independently of the other group. The academic computing center services all other computing needs- payroll, student records, budgeting, financial planning and so on.

Currently the facilities of the administrative computing center are heavily overloaded. A steering committee of the university has been formed to examine the problem. The steering committee has been given wide terms of references. In recent years, the university has found it increasingly difficult to find sources of private funding and to obtain federal funding. The president of the university has asked the steering group to consider the possibility of amalgamating the academic and administrative computing

groups, selling off the existing hardware, and purchasing a large machine that will service both groups. He feels that centralizing computer facilities could produce economies of scale. Because the academic computer will have substantial excess capacity during the interim period, he also questions whether some administrative applications might not be shifted to the academic computer.

Required. You are a member of the internal audit staff of the university. The chair of the steering committee has asked the manager of internal audit for his views on the proposed changes, and he has asked you to brief him. Prepare a memo outlining the advantages and disadvantages of the change from an internal audit viewpoint.

Case - II

Innovation. Inc. is a company specializing in research and development. It accepts short-term research and development projects from other companies and aims to obtain results quickly. It has been very successful at achieving this objectives (current sales \$100 million).

You are a field auditor in a firm of external auditors that has just taken over the audit of Innovation. Because you have information systems audit expertise, you are assigned to evaluate the reliability of controls over the information systems function. Innovation uses computers extensively to support its activities. It has two large machines for both scientific and commercial activities. In addition, several hundred workstations are dispersed throughout the various departments of the company.

Required. (a) your audit manager assigns you to evaluate the quality of information systems planning processes in Innovation as the basis for reaching an understanding of the internal-control structure used by Innovation. Outline the audit procedures you would use to carry out this task. (b) after completing your audit procedures, assume you find the top management within Innovation undertakes information systems planning on an informal basis only. For example, although they discuss future directions for the information systems function, they do not prepare a formal, documented information systems plan. They argue the costs associated with preparing a formal plan cannot be justified because of the uncertainty surrounding Innovation's activities. What implications does the absence of a plan have for the conduct of the remainder of the audit? How would you now proceed in terms of the audit procedures you recommend the audit team should use to gain an understanding of other elements of the internal-control structure? What are the likely implications for tests of controls and substantive tests that might be conducted during the remainder of the audit?

BEST OF LUCK

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