University of Eswatini

Department of Computer Science

Examination (Main)

2020/2021

SECOND SEMESTER

Title of Paper: IT AUDITING

Course Code: CSC466

Time Allowed: Two (2) Hours

Instructions: Answer Question One and any other Two Questions.

Question One   (40 Marks)

a. IT auditors need soft skills as well as technical skills. One of such skill is the ability to interview effectively. Discuss four techniques or tools that might help an interviewer get the best information from an interviewee, including sensitive information. *(10 Marks)*

b. (i) Distinguish between the roles of an internal and an external auditor. *(3 Marks)*

(ii) Describe an example of auditing procedures that might reasonably be expected of an internal auditor but not an external auditor. *(5 Marks)*

c. Lois Gaiuxy was the only internal auditor of a medium-sized communications firm. The company used a computer for most of its accounting applications, and recently, several new software packages had been implemented to handle the increased volume of the company's business. To evaluate the packages' control capabilities, Lois performed a cost-benefit analysis and found that many of the control procedures were potentially useful but not clearly cost-effective. The problem, therefore, was what to say in his report to management. After pondering this question for some time, he decided to recommend almost all the controls based on the idea that a company was "better to be safe than sorry." Comment (either support or against) on his action and justify your comments. **(Note: Your comments and justifications must be comprehensive).** *(12 Marks)*

d. The Linz Company manufactures automotive parts and supplies them to the largest auto-makers. The company has approximately 600 employees and has manufacturing operations and offices in three locations. Linz uses a mid-sized ERP software program for manufacturers that they acquired and implemented two years ago. Amanda has asked Jack to develop an audit program to examine logical access to the ERP system. According to the Security Administrator at Linz, each employee is assigned a unique User ID and password when they join the company. The company is very concerned about security, so there is no remote access to the ERP system. The ERP system requires that users change their passwords every six months. System and group settings assigned to each User ID determine what parts of the ERP systems are available to each user. Considering this scenario explain why auditing User IDs and passwords should be part of the overall IT audit program for Linz. *(10 Marks)*

Question Two   (30 Marks)

a. VASCODEE is a pharmaceutical company that recently transit from manual operations to full automation using high tech hardware and software resources to carry out all operations and render services to the customers. In as much as the stakeholders were happy with the transition to full automation, they requested the management to audit the process and submit the audit report for adequate review. (i) Explain IT auditing in this context and discuss the significance of the IT audit to the stakeholders. *(8 Marks)* (ii) Discuss the specific objectives that the stakeholders want to achieve by this IT audit. *(6 Marks)*

c. Explain the motivation for change in an organization. *(4 Marks)*

d. Explain the following: (i) Operational change *(4 Marks);* (ii) Tactical change *(4 Marks);* (iii) Strategic change *(4 Marks)*

Question Three *(30 Marks)*

a. State and discuss five Internal Auditing Standard according to Institute of Internal Auditors (IIA). *(10 Marks)*

b. Briefly discuss the following types of audits: (i) Financial audit *(2 Marks);* (ii) Information System (IS) audit *(2 Marks);* (iii) Operational or management audit *(2 Marks);* (iv) Compliance audit *(2 Marks);* (v) Certification audit *(2 Marks)*

c. FASCO Group of Company went bankrupt and it is to be acquired by GADISO Enterprises. However GADISO Enterprises request a comprehensive audit of the company's operations, finance and facilities. Discuss the auditing activities required under the following stages: Audit planning; Collection of audit evidence; Evaluation of audit evidence and Communication of audit results. *(10 Marks)*

Question Four *(30 Marks)*

a. Standards provide more detailed information on how managers and functional specialists are expected to conduct certain aspects of their duties and the auditors are expected to adhere to these standards when performing an audit in organizations. Describe two of the standards that auditors should adhere to when performing an audit. *(10 Marks)*

b. Discuss the following frameworks that IT auditors should be aware of during the auditing process: (i) IT Assurance Framework (ITAF) *(5 Marks);* (ii) Control objective for IT (COBIT) *(5 Marks);* (iii) Risk IT *(5 Marks);* (iv) The Open Group Architecture Framework (TOGAF) *(5 Marks).*

Question Five *(30 Marks)*

a. Define risk based auditing and how is it of assistance to the auditors? *(5 Marks)*

b. Discuss the principles of risk based auditing. *(5 Marks)*

c. Highlight the steps in risk based approach for an IT audit *(5 Marks)*

d. The risk estimation process involves: Assessment of the consequences of the risk; Assessment of incident likelihoods of risks and Quantitative/qualitative risk estimation. Explain each of these process. *(15 Marks)*