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NEW QUESTION 1

- (Topic 1)

Which of the following devices extends the network and has the capacity to store frames and act as a storage and forward device?

- A. Router
- B. Bridge
- C. Repeater
- D. Gateway

Answer: B

Explanation:

A bridge connects two separate networks to form a logical network (e.g., joining an ethernet and token network) and has the storage capacity to store frames and act as a storage and forward device. Bridges operate at the OSI data link layer by examining the media access control header of a data packet.

NEW QUESTION 2

- (Topic 1)

Which of the following is a benefit of using callback devices?

- A. Provide an audit trail
- B. Can be used in a switchboard environment
- C. Permit unlimited user mobility
- D. Allow call forwarding

Answer: A

Explanation:

A callback feature hooks into the access control software and logs all authorized and unauthorized access attempts, permitting the follow-up and further review of potential breaches. Call forwarding (choice D) is a means of potentially bypassing callback control. By dialing through an authorized phone number from an unauthorized phone number, a perpetrator can gain computer access. This vulnerability can be controlled through callback systems that are available.

NEW QUESTION 3

- (Topic 1)

Which of the following data validation edits is effective in detecting transposition and transcription errors?

- A. Range check
- B. Check digit
- C. Validity check
- D. Duplicate check

Answer: B

Explanation:

A check digit is a numeric value that is calculated mathematically and is appended to data to ensure that the original data have not been altered or an incorrect, but valid, value substituted. This control is effective in detecting transposition and transcription errors.

NEW QUESTION 4

- (Topic 1)

An offsite information processing facility having electrical wiring, air conditioning and flooring, but no computer or communications equipment is a:

- A. cold sit
- B. warm sit
- C. dial-up sit
- D. duplicate processing facilit

Answer: A

Explanation:

A cold site is ready to receive equipment but does not offer any components at the site in advance of the need.

NEW QUESTION 5

- (Topic 1)

An IS auditor reviewing the key roles and responsibilities of the database administrator (DBA) is LEAST likely to expect the job description of the DBA to include:

- A. defining the conceptual schem
- B. defining security and integrity check
- C. liaising with users in developing data mode
- D. mapping data model with the internal schem

Answer: D

Explanation:

A DBA only in rare instances should be mapping data elements from the data model to the internal schema (physical data storage definitions). To do so would eliminate data independence for application systems. Mapping of the data model occurs with the conceptual schema since the conceptual schema represents the enterprisewide view of data within an organization and is the basis for deriving an end-user department data model.

NEW QUESTION 6

- (Topic 1)

The initial step in establishing an information security program is the:

- A. development and implementation of an information security standards manua
- B. performance of a comprehensive security control review by the IS audito
- C. adoption of a corporate information security policy statemen
- D. purchase of security access control softwar

Answer: C

Explanation:

A policy statement reflects the intent and support provided by executive management for proper security and establishes a starting point for developing the security program.

NEW QUESTION 7

- (Topic 1)

Which of the following is a continuity plan test that uses actual resources to simulate a system crash to cost-effectively obtain evidence about the plan's effectiveness?

- A. Paper test
- B. Post test
- C. Preparedness test
- D. Walk-through

Answer: C

Explanation:

A preparedness test is a localized version of a full test, wherein resources are expended in the simulation of a system crash. This test is performed regularly on different aspects of the plan and can be a cost-effective way to gradually obtain evidence about the plan's effectiveness. It also provides a means to improve the plan in increments.

NEW QUESTION 8

- (Topic 1)

As compared to understanding an organization's IT process from evidence directly collected, how valuable are prior audit reports as evidence?

- A. The same valu
- B. Greater valu
- C. Lesser valu
- D. Prior audit reports are not relevan

Answer: C

Explanation:

Prior audit reports are considered of lesser value to an IS auditor attempting to gain an understanding of an organization's IT process than evidence directly collected.

NEW QUESTION 9

- (Topic 1)

Proper segregation of duties prohibits a system analyst from performing quality-assurance functions. True or false?

- A. True
- B. False

Answer: A

Explanation:

Proper segregation of duties prohibits a system analyst from performing quality-assurance functions.

NEW QUESTION 10

- (Topic 1)

What should an IS auditor do if he or she observes that project-approval procedures do not exist?

- A. Advise senior management to invest in project-management training for the staff
- B. Create project-approval procedures for future project implementations
- C. Assign project leaders
- D. Recommend to management that formal approval procedures be adopted and documented

Answer: D

Explanation:

If an IS auditor observes that project-approval procedures do not exist, the IS auditor should recommend to management that formal approval procedures be adopted and documented.

NEW QUESTION 10

- (Topic 1)

Who is ultimately accountable for the development of an IS security policy?

- A. The board of directors
- B. Middle management
- C. Security administrators
- D. Network administrators

Answer: A

Explanation:

The board of directors is ultimately accountable for the development of an IS security policy.

NEW QUESTION 12

- (Topic 1)

A core tenant of an IS strategy is that it must:

- A. Be inexpensive
- B. Be protected as sensitive confidential information
- C. Protect information confidentiality, integrity, and availability
- D. Support the business objectives of the organization

Answer: D

Explanation:

Above all else, an IS strategy must support the business objectives of the organization.

NEW QUESTION 15

- (Topic 1)

How is risk affected if users have direct access to a database at the system level?

- A. Risk of unauthorized access increases, but risk of untraceable changes to the database decrease
- B. Risk of unauthorized and untraceable changes to the database increase
- C. Risk of unauthorized access decreases, but risk of untraceable changes to the database increase
- D. Risk of unauthorized and untraceable changes to the database decrease

Answer: B

Explanation:

If users have direct access to a database at the system level, risk of unauthorized and untraceable changes to the database increases.

NEW QUESTION 18

- (Topic 1)

Which of the following best characterizes "worms"?

- A. Malicious programs that can run independently and can propagate without the aid of a carrier program such as email
- B. Programming code errors that cause a program to repeatedly dump data
- C. Malicious programs that require the aid of a carrier program such as email
- D. Malicious programs that masquerade as common applications such as screensavers or macro-enabled Word documents

Answer: A

Explanation:

Worms are malicious programs that can run independently and can propagate without the aid of a carrier program such as email.

NEW QUESTION 19

- (Topic 1)

Which of the following are effective controls for detecting duplicate transactions such as payments made or received?

- A. Concurrency controls
- B. Reasonableness checks
- C. Time stamps
- D. Referential integrity controls

Answer: C

Explanation:

Time stamps are an effective control for detecting duplicate transactions such as payments made or received.

NEW QUESTION 23

- (Topic 1)

Which of the following is a guiding best practice for implementing logical access controls?

- A. Implementing the Biba Integrity Model
- B. Access is granted on a least-privilege basis, per the organization's data owners
- C. Implementing the Take-Grant access control model
- D. Classifying data according to the subject's requirements

Answer: B

Explanation:

Logical access controls should be reviewed to ensure that access is granted on a least-privilege basis, per the organization's data owners.

NEW QUESTION 26

- (Topic 1)

Which of the following do digital signatures provide?

- A. Authentication and integrity of data
- B. Authentication and confidentiality of data
- C. Confidentiality and integrity of data
- D. Authentication and availability of data

Answer: A

Explanation:

The primary purpose of digital signatures is to provide authentication and integrity of data.

NEW QUESTION 31

- (Topic 1)

Which of the following provides the strongest authentication for physical access control?

- A. Sign-in logs
- B. Dynamic passwords
- C. Key verification
- D. Biometrics

Answer: D

Explanation:

Biometrics can be used to provide excellent physical access control.

NEW QUESTION 33

- (Topic 1)

Which of the following typically focuses on making alternative processes and resources available for transaction processing?

- A. Cold-site facilities
- B. Disaster recovery for networks
- C. Diverse processing
- D. Disaster recovery for systems

Answer: D

Explanation:

Disaster recovery for systems typically focuses on making alternative processes and resources available for transaction processing.

NEW QUESTION 37

- (Topic 1)

Of the three major types of off-site processing facilities, what type is characterized by at least providing for electricity and HVAC?

- A. Cold site
- B. Alternate site
- C. Hot site
- D. Warm site

Answer: A

Explanation:

Of the three major types of off-site processing facilities (hot, warm, and cold), a cold site is characterized by at least providing for electricity and HVAC. A warm site improves upon this by providing for redundant equipment and software that can be made operational within a short time.

NEW QUESTION 42

- (Topic 1)

When is regression testing used to determine whether new application changes have introduced any errors in the remaining unchanged code?

- A. In program development and change management
- B. In program feasibility studies
- C. In program development

D. In change management

Answer: A

Explanation:

Regression testing is used in program development and change management to determine whether new changes have introduced any errors in the remaining unchanged code.

NEW QUESTION 46

- (Topic 1)

The quality of the metadata produced from a data warehouse is _____ in the warehouse's design. Choose the BEST answer.

- A. Often hard to determine because the data is derived from a heterogeneous data environment
- B. The most important consideration
- C. Independent of the quality of the warehoused databases
- D. Of secondary importance to data warehouse content

Answer: B

Explanation:

The quality of the metadata produced from a data warehouse is the most important consideration in the warehouse's design.

NEW QUESTION 50

- (Topic 1)

Function Point Analysis (FPA) provides an estimate of the size of an information system based only on the number and complexity of a system's inputs and outputs. True or false?

- A. True
- B. False

Answer: B

Explanation:

Function point analysis (FPA) provides an estimate of the size of an information system based on the number and complexity of a system's inputs, outputs, and files.

NEW QUESTION 53

- (Topic 1)

If an IS auditor observes that individual modules of a system perform correctly in development project tests, the auditor should inform management of the positive results and recommend further:

- A. Documentation development
- B. Comprehensive integration testing
- C. Full unit testing
- D. Full regression testing

Answer: B

Explanation:

If an IS auditor observes that individual modules of a system perform correctly in development project tests, the auditor should inform management of the positive results and recommend further comprehensive integration testing.

NEW QUESTION 55

- (Topic 1)

When participating in a systems-development project, an IS auditor should focus on system controls rather than ensuring that adequate and complete documentation exists for all projects. True or false?

- A. True
- B. False

Answer: B

Explanation:

When participating in a systems-development project, an IS auditor should also strive to ensure that adequate and complete documentation exists for all projects.

NEW QUESTION 59

- (Topic 1)

Which of the following is a program evaluation review technique that considers different scenarios for planning and control projects?

- A. Function Point Analysis (FPA)
- B. GANTT
- C. Rapid Application Development (RAD)
- D. PERT

Answer: D

Explanation:

PERT is a program-evaluation review technique that considers different scenarios for planning and control projects.

NEW QUESTION 61

- (Topic 1)

Fourth-Generation Languages (4GLs) are most appropriate for designing the application's graphical user interface (GUI). They are inappropriate for designing any intensive data-calculation procedures. True or false?

- A. True
- B. False

Answer: A

Explanation:

Fourth-generation languages(4GLs) are most appropriate for designing the application's graphical user interface (GUI). They are inappropriate for designing any intensive data-calculation procedures.

NEW QUESTION 65

- (Topic 1)

Run-to-run totals can verify data through which stage(s) of application processing?

- A. Initial
- B. Various
- C. Final
- D. Output

Answer: B

Explanation:

Run-to-run totals can verify data through various stages of application processing.

NEW QUESTION 69

- (Topic 1)

Network environments often add to the complexity of program-to-program communication, making the implementation and maintenance of application systems more difficult. True or false?

- A. True
- B. False

Answer: A

Explanation:

Network environments often add to the complexity of program-to-program communication, making application systems implementation and maintenance more difficult.

NEW QUESTION 74

- (Topic 1)

What is the first step in a business process re-engineering project?

- A. Identifying current business processes
- B. Forming a BPR steering committee
- C. Defining the scope of areas to be reviewed
- D. Reviewing the organizational strategic plan

Answer: C

Explanation:

Defining the scope of areas to be reviewed is the first step in a business process re-engineering project.

NEW QUESTION 79

- (Topic 1)

When are benchmarking partners identified within the benchmarking process?

- A. In the design stage
- B. In the testing stage
- C. In the research stage
- D. In the development stage

Answer: C

Explanation:

Benchmarking partners are identified in the research stage of the benchmarking process.

NEW QUESTION 80

- (Topic 1)

Parity bits are a control used to validate:

- A. Data authentication
- B. Data completeness
- C. Data source
- D. Data accuracy

Answer: B

Explanation:

Parity bits are a control used to validate data completeness.

NEW QUESTION 85

- (Topic 1)

The traditional role of an IS auditor in a control self-assessment (CSA) should be that of a(n):

- A. Implementor
- B. Facilitator
- C. Developer
- D. Sponsor

Answer: B

Explanation:

The traditional role of an IS auditor in a control self-assessment (CSA) should be that of a facilitator.

NEW QUESTION 88

- (Topic 1)

Which of the following is of greatest concern to the IS auditor?

- A. Failure to report a successful attack on the network
- B. Failure to prevent a successful attack on the network
- C. Failure to recover from a successful attack on the network
- D. Failure to detect a successful attack on the network

Answer: A

Explanation:

Lack of reporting of a successful attack on the network is a great concern to an IS auditor.

NEW QUESTION 92

- (Topic 1)

An integrated test facility is not considered a useful audit tool because it cannot compare processing output with independently calculated data. True or false?

- A. True
- B. False

Answer: B

Explanation:

An integrated test facility is considered a useful audit tool because it compares processing output with independently calculated data.

NEW QUESTION 93

- (Topic 1)

When auditing third-party service providers, an IS auditor should be concerned with which of the following? Choose the BEST answer.

- A. Ownership of the programs and files
- B. A statement of due care and confidentiality, and the capability for continued service of the service provider in the event of a disaster
- C. A statement of due care
- D. Ownership of programs and files, a statement of due care and confidentiality, and the capability for continued service of the service provider in the event of a disaster

Answer: D

Explanation:

When auditing third-party service providers, an auditor should be concerned with ownership of programs and files, a statement of due care and confidentiality, and the capability for continued service of the service provider in the event of a disaster.

NEW QUESTION 98

- (Topic 1)

When should reviewing an audit client's business plan be performed relative to reviewing an organization's IT strategic plan?

- A. Reviewing an audit client's business plan should be performed before reviewing an organization's IT strategic plan
- B. Reviewing an audit client's business plan should be performed after reviewing an organization's IT strategic plan
- C. Reviewing an audit client's business plan should be performed during the review of an organization's IT strategic plan
- D. Reviewing an audit client's business plan should be performed without regard to an organization's IT strategic plan

Answer: A

Explanation:

Reviewing an audit client's business plan should be performed before reviewing an organization's IT strategic plan.

NEW QUESTION 101

- (Topic 1)

Allowing application programmers to directly patch or change code in production programs increases risk of fraud. True or false?

- A. True
- B. False

Answer: A

Explanation:

Allowing application programmers to directly patch or change code in production programs increases risk of fraud.

NEW QUESTION 103

- (Topic 1)

How is the risk of improper file access affected upon implementing a database system?

- A. Risk varie
- B. Risk is reduce
- C. Risk is not affecte
- D. Risk is increase

Answer: D

Explanation:

Improper file access becomes a greater risk when implementing a database system.

NEW QUESTION 105

- (Topic 1)

In order to properly protect against unauthorized disclosure of sensitive data, how should hard disks be sanitized?

- A. The data should be deleted and overwritten with binary 0
- B. The data should be demagnetize
- C. The data should be low-level formatte
- D. The data should be delete

Answer: B

Explanation:

To properly protect against unauthorized disclosure of sensitive data, hard disks should be demagnetized before disposal or release.

NEW QUESTION 108

- (Topic 1)

When reviewing print systems spooling, an IS auditor is MOST concerned with which of the following vulnerabilities?

- A. The potential for unauthorized deletion of report copies
- B. The potential for unauthorized modification of report copies
- C. The potential for unauthorized printing of report copies
- D. The potential for unauthorized editing of report copies

Answer: C

Explanation:

When reviewing print systems spooling, an IS auditor is most concerned with the potential for unauthorized printing of report copies.

NEW QUESTION 112

- (Topic 1)

Why is the WAP gateway a component warranting critical concern and review for the IS auditor when auditing and testing controls enforcing message confidentiality?

- A. WAP is often configured by default settings and is thus insecure
- B. WAP provides weak encryption for wireless traffi
- C. WAP functions as a protocol-conversion gateway for wireless TLS to Internet SS
- D. WAP often interfaces critical IT system

Answer: C

Explanation:

Functioning as a protocol-conversion gateway for wireless TLS to Internet SSL, the WAP gateway is a component warranting critical concern and review for the IS auditor when auditing and testing controls that enforce message confidentiality.

NEW QUESTION 115

- (Topic 1)

Proper segregation of duties prevents a computer operator (user) from performing security administration duties. True or false?

- A. True
- B. False

Answer: A

Explanation:

Proper segregation of duties prevents a computer operator (user) from performing security administration duties.

NEW QUESTION 118

- (Topic 1)

What is an effective control for granting temporary access to vendors and external support personnel? Choose the BEST answer.

- A. Creating user accounts that automatically expire by a predetermined date
- B. Creating permanent guest accounts for temporary use
- C. Creating user accounts that restrict logon access to certain hours of the day
- D. Creating a single shared vendor administrator account on the basis of least-privileged access

Answer: A

Explanation:

Creating user accounts that automatically expire by a predetermined date is an effective control for granting temporary access to vendors and external support personnel.

NEW QUESTION 121

- (Topic 1)

What are trojan horse programs? Choose the BEST answer.

- A. A common form of internal attack
- B. Malicious programs that require the aid of a carrier program such as email
- C. Malicious programs that can run independently and can propagate without the aid of a carrier program such as email
- D. A common form of Internet attack

Answer: D

Explanation:

Trojan horse programs are a common form of Internet attack.

NEW QUESTION 126

- (Topic 1)

What type of fire-suppression system suppresses fire via water that is released from a main valve to be delivered via a system of dry pipes installed throughout the facilities?

- A. A dry-pipe sprinkler system
- B. A deluge sprinkler system
- C. A wet-pipe system
- D. A halon sprinkler system

Answer: A

Explanation:

A dry-pipe sprinkler system suppresses fire via water that is released from a main valve to be delivered via a system of dry pipes installed throughout the facilities.

NEW QUESTION 127

- (Topic 1)

Digital signatures require the sender to "sign" the data by encrypting the data with the sender's public key, to then be decrypted by the recipient using the recipient's private key. True or false?

- A. False
- B. True

Answer: B

Explanation:

Digital signatures require the sender to "sign" the data by encrypting the data with the sender's private key, to then be decrypted by the recipient using the sender's public key.

NEW QUESTION 130

- (Topic 1)

Which of the following should an IS auditor review to determine user permissions that have been granted for a particular resource? Choose the BEST answer.

- A. Systems logs
- B. Access control lists (ACL)
- C. Application logs
- D. Error logs

Answer: B

Explanation:

IS auditors should review access-control lists (ACL) to determine user permissions that have been granted for a particular resource.

NEW QUESTION 134

- (Topic 1)

If a programmer has update access to a live system, IS auditors are more concerned with the programmer's ability to initiate or modify transactions and the ability to access production than with the programmer's ability to authorize transactions. True or false?

- A. True
- B. False

Answer: A

Explanation:

If a programmer has update access to a live system, IS auditors are more concerned with the programmer's ability to initiate or modify transactions and the ability to access production than with the programmer's ability to authorize transactions.

NEW QUESTION 137

- (Topic 1)

An off-site processing facility should be easily identifiable externally because easy identification helps ensure smoother recovery. True or false?

- A. True
- B. False

Answer: B

Explanation:

An off-site processing facility should not be easily identifiable externally because easy identification would create an additional vulnerability for sabotage.

NEW QUESTION 141

- (Topic 1)

Off-site data storage should be kept synchronized when preparing for recovery of time-sensitive data such as that resulting from which of the following? Choose the BEST answer.

- A. Financial reporting
- B. Sales reporting
- C. Inventory reporting
- D. Transaction processing

Answer: D

Explanation:

Off-site data storage should be kept synchronized when preparing for the recovery of timesensitive data such as that resulting from transaction processing.

NEW QUESTION 143

- (Topic 1)

Off-site data backup and storage should be geographically separated so as to _____ (fill in the blank) the risk of a widespread physical disaster such as a hurricane or earthquake.

- A. Accept
- B. Eliminate
- C. Transfer
- D. Mitigate

Answer: D

Explanation:

Off-site data backup and storage should be geographically separated, to mitigate the risk of a widespread physical disaster such as a hurricane or an earthquake.

NEW QUESTION 148

- (Topic 1)

Above almost all other concerns, what often results in the greatest negative impact on the implementation of new application software?

- A. Failing to perform user acceptance testing
- B. Lack of user training for the new system
- C. Lack of software documentation and run manuals
- D. Insufficient unit, module, and systems testing

Answer: A

Explanation:

Above almost all other concerns, failing to perform user acceptance testing often results in the greatest negative impact on the implementation of new application software.

NEW QUESTION 149

- (Topic 1)

Input/output controls should be implemented for which applications in an integrated systems environment?

- A. The receiving application
- B. The sending application
- C. Both the sending and receiving applications
- D. Output on the sending application and input on the receiving application

Answer: C

Explanation:

Input/output controls should be implemented for both the sending and receiving applications in an integrated systems environment

NEW QUESTION 150

- (Topic 1)

After identifying potential security vulnerabilities, what should be the IS auditor's next step?

- A. To evaluate potential countermeasures and compensatory controls
- B. To implement effective countermeasures and compensatory controls
- C. To perform a business impact analysis of the threats that would exploit the vulnerabilities
- D. To immediately advise senior management of the findings

Answer: C

Explanation:

After identifying potential security vulnerabilities, the IS auditor's next step is to perform a business impact analysis of the threats that would exploit the vulnerabilities.

NEW QUESTION 152

- (Topic 1)

Whenever business processes have been re-engineered, the IS auditor attempts to identify and quantify the impact of any controls that might have been removed, or controls that might not work as effectively after business process changes. True or false?

- A. True
- B. False

Answer: A

Explanation:

Whenever business processes have been re-engineered, the IS auditor should attempt to identify and quantify the impact of any controls that might have been removed, or controls that might not work as effectively after business process changes.

NEW QUESTION 153

- (Topic 1)

Data edits are implemented before processing and are considered which of the following? Choose the BEST answer.

- A. Deterrent integrity controls
- B. Detective integrity controls
- C. Corrective integrity controls
- D. Preventative integrity controls

Answer: D

Explanation:

Data edits are implemented before processing and are considered preventive integrity controls.

NEW QUESTION 156

- (Topic 1)

Processing controls ensure that data is accurate and complete, and is processed only through which of the following? Choose the BEST answer.

- A. Documented routines
- B. Authorized routines
- C. Accepted routines
- D. Approved routines

Answer: B

Explanation:

Processing controls ensure that data is accurate and complete, and is processed only through authorized routines.

NEW QUESTION 159

- (Topic 2)

Overall business risk for a particular threat can be expressed as:

- A. a product of the probability and magnitude of the impact if a threat successfully exploits a vulnerabilit
- B. the magnitude of the impact should a threat source successfully exploit the vulnerabilit
- C. the likelihood of a given threat source exploiting a given vulnerabilit
- D. the collective judgment of the risk assessment tea

Answer: A

Explanation:

Choice A takes into consideration the likelihood and magnitude of the impact and provides the best measure of the risk to an asset. Choice B provides only the likelihood of a threat exploiting a vulnerability in the asset but does not provide the magnitude of the possible damage to the asset. Similarly, choice C considers only the magnitude of the damage and not the possibility of a threat exploiting a vulnerability. Choice D defines the risk on an arbitrary basis and is not suitable for a scientific risk management process.

NEW QUESTION 160

- (Topic 2)

An audit charter should:

- A. be dynamic and change often to coincide with the changing nature of technology and the audit professio
- B. clearly state audit objectives for, and the delegation of, authority to the maintenance and review of internal control
- C. document the audit procedures designed to achieve the planned audit objective
- D. outline the overall authority, scope and responsibilities of the audit functio

Answer: D

Explanation:

An audit charter should state management's objectives for and delegation of authority to IS audit. This charter should not significantly change over time and should be approved at the highest level of management. An audit charter would not be at a detailed level and, therefore, would not include specific audit objectives or procedures.

NEW QUESTION 163

- (Topic 2)

Which of the following sampling methods is MOST useful when testing for compliance?

- A. Attribute sampling
- B. Variable sampling
- C. Stratified mean per unit
- D. Difference estimation

Answer: A

Explanation:

Attribute sampling is the primary sampling method used for compliance testing. Attribute sampling is a sampling model that is used to estimate the rate of occurrence of a specific quality (attribute) in a population and is used in compliance testing to confirm whether the quality exists. The other choices are used in substantive testing, which involves testing of details or quantity.

NEW QUESTION 164

- (Topic 2)

An IS auditor is evaluating management's risk assessment of information systems. The IS auditor should FIRST review:

- A. the controls already in plac
- B. the effectiveness of the controls in plac
- C. the mechanism for monitoring the risks related to the asset
- D. the threats/vulnerabilities affecting the asset

Answer: D

Explanation:

One of the key factors to be considered while assessing the risks related to the use of various information systems is the threats and vulnerabilities affecting the assets. The risks related to the use of information assets should be evaluated in isolation from the installed controls. Similarly, the effectiveness of the controls should be considered during the risk mitigation stage and not during the risk assessment phase. A mechanism to continuously monitor the risks related to assets should be put in place during the risk monitoring function that follows the risk assessment phase.

NEW QUESTION 168

- (Topic 2)

The extent to which data will be collected during an IS audit should be determined based on the:

- A. availability of critical and required informatio
- B. auditor's familiarity with the circumstance
- C. auditee's ability to find relevant evidenc
- D. purpose and scope of the audit being don

Answer: D

Explanation:

The extent to which data will be collected during an IS audit should be related directly to the scope and purpose of the audit. An audit with a narrow purpose and scope would result most likely in less data collection, than an audit with a wider purpose and scope. The scope of an IS audit should not be constrained by the ease of obtaining the information or by the auditor's familiarity with the area being audited. Collecting all the required evidence is a required element of an IS audit, and the scope of the audit should not be limited by the auditee's ability to find relevant evidence.

NEW QUESTION 170

- (Topic 2)

An IS auditor is evaluating a corporate network for a possible penetration by employees. Which of the following findings should give the IS auditor the GREATEST concern?

- A. There are a number of external modems connected to the network
- B. Users can install software on their desktop
- C. Network monitoring is very limited
- D. Many user IDs have identical passwords

Answer: D

Explanation:

Exploitation of a known user ID and password requires minimal technical knowledge and exposes the network resources to exploitation. The technical barrier is low and the impact can be very high; therefore, the fact that many user IDs have identical passwords represents the greatest threat. External modems represent a security risk, but exploitation still depends on the use of a valid user account. While the impact of users installing software on their desktops can be high (for example, due to the installation of Trojans or key-logging programs), the likelihood is not high due to the level of technical knowledge required to successfully penetrate the network. Although network monitoring can be a useful detective control, it will only detect abuse of user accounts in special circumstances and is, therefore, not a first line of defense.

NEW QUESTION 175

- (Topic 2)

Which of the following should be of MOST concern to an IS auditor?

- A. Lack of reporting of a successful attack on the network
- B. Failure to notify police of an attempted intrusion
- C. Lack of periodic examination of access rights
- D. Lack of notification to the public of an intrusion

Answer: A

Explanation:

Not reporting an intrusion is equivalent to an IS auditor hiding a malicious intrusion, which would be a professional mistake. Although notification to the police may be required and the lack of a periodic examination of access rights might be a concern, they do not represent as big a concern as the failure to report the attack. Reporting to the public is not a requirement and is dependent on the organization's desire, or lack thereof, to make the intrusion known.

NEW QUESTION 176

- (Topic 2)

Which audit technique provides the BEST evidence of the segregation of duties in an IS department?

- A. Discussion with management
- B. Review of the organization chart
- C. Observation and interviews
- D. Testing of user access rights

Answer: C

Explanation:

By observing the IS staff performing their tasks, an IS auditor can identify whether they are performing any incompatible operations, and by interviewing the IS staff, the auditor can get an overview of the tasks performed. Based on the observations and interviews the auditor can evaluate the segregation of duties. Management may not be aware of the detailed functions of each employee in the IS department; therefore, discussion with the management would provide only limited information regarding segregation of duties. An organization chart would not provide details of the functions of the employees. Testing of user rights would provide information about the rights they have within the IS systems, but would not provide complete information about the functions they perform.

NEW QUESTION 177

- (Topic 2)

During a review of a customer master file, an IS auditor discovered numerous customer name duplications arising from variations in customer first names. To determine the extent of the duplication, the IS auditor would use:

- A. test data to validate data input
- B. test data to determine system sort capabilities
- C. generalized audit software to search for address field duplication
- D. generalized audit software to search for account field duplication

Answer: C

Explanation:

Since the name is not the same (due to name variations), one method to detect duplications would be to compare other common fields, such as addresses. A subsequent review to determine common customer names at these addresses could then be conducted. Searching for duplicate account numbers would not likely find duplications, since customers would most likely have different account numbers for each variation. Test data would not be useful to detect the extent of any data characteristic, but simply to determine how the data were processed.

NEW QUESTION 179

- (Topic 2)

An integrated test facility is considered a useful audit tool because it:

- A. is a cost-efficient approach to auditing application control
- B. enables the financial and IS auditors to integrate their audit test
- C. compares processing output with independently calculated data
- D. provides the IS auditor with a tool to analyze a large range of information

Answer: C

Explanation:

An integrated test facility is considered a useful audit tool because it uses the same programs to compare processing using independently calculated data. This involves setting up dummy entities on an application system and processing test or production data against the entity as a means of verifying processing accuracy.

NEW QUESTION 182

- (Topic 2)

Which of the following forms of evidence for the auditor would be considered the MOST reliable?

- A. An oral statement from the auditee
- B. The results of a test performed by an IS auditor
- C. An internally generated computer accounting report
- D. A confirmation letter received from an outside source

Answer: D

Explanation:

Evidence obtained from outside sources is usually more reliable than that obtained from within the organization. Confirmation letters received from outside parties, such as those used to verify accounts receivable balances, are usually highly reliable. Testing performed by an auditor may not be reliable, if the auditor did not have a good understanding of the technical area under review.

NEW QUESTION 187

- (Topic 2)

An IS auditor is performing an audit of a network operating system. Which of the following is a user feature the IS auditor should review?

- A. Availability of online network documentation
- B. Support of terminal access to remote hosts
- C. Handling file transfer between hosts and interuser communications
- D. Performance management, audit and control

Answer: A

Explanation:

Network operating system user features include online availability of network documentation. Other features would be user access to various resources of network hosts, user authorization to access particular resources, and the network and host computers used without special user actions or commands. Choices B, C and D are examples of network operating systems functions.

NEW QUESTION 192

- (Topic 2)

An IS auditor attempting to determine whether access to program documentation is restricted to authorized persons would MOST likely:

- A. evaluate the record retention plans for off-premises storage
- B. interview programmers about the procedures currently being followed
- C. compare utilization records to operations schedule
- D. review data file access records to test the librarian function

Answer: B

Explanation:

Asking programmers about the procedures currently being followed is useful in determining whether access to program documentation is restricted to authorized persons. Evaluating the record retention plans for off-premises storage tests the recovery procedures, not the access control over program documentation. Testing utilization records or data files will not address access security over program documentation.

NEW QUESTION 197

- (Topic 2)

An IS auditor evaluates the test results of a modification to a system that deals with payment computation. The auditor finds that 50 percent of the calculations do not match predetermined totals. Which of the following would MOST likely be the next step in the audit?

- A. Design further tests of the calculations that are in error
- B. Identify variables that may have caused the test results to be inaccurate
- C. Examine some of the test cases to confirm the result
- D. Document the results and prepare a report of findings, conclusions and recommendation

Answer: C

Explanation:

An IS auditor should next examine cases where incorrect calculations occurred and confirm the results. After the calculations have been confirmed, further tests can be conducted and reviewed. Report preparation, findings and recommendations would not be made until all results are confirmed.

NEW QUESTION 199

- (Topic 2)

The BEST method of proving the accuracy of a system tax calculation is by:

- A. detailed visual review and analysis of the source code of the calculation programs
- B. recreating program logic using generalized audit software to calculate monthly total
- C. preparing simulated transactions for processing and comparing the results to predetermined result
- D. automatic flowcharting and analysis of the source code of the calculation program

Answer: C

Explanation:

Preparing simulated transactions for processing and comparing the results to predetermined results is the best method for proving accuracy of a tax calculation. Detailed visual review, flowcharting and analysis of source code are not effective methods, and monthly totals would not address the accuracy of individual tax calculations.

NEW QUESTION 200

- (Topic 2)

An IS auditor interviewing a payroll clerk finds that the answers do not support job descriptions and documented procedures. Under these circumstances, the IS auditor should:

- A. conclude that the controls are inadequate
- B. expand the scope to include substantive testing
- C. place greater reliance on previous audit
- D. suspend the audit

Answer: B

Explanation:

If the answers provided to an IS auditor's questions are not confirmed by documented procedures or job descriptions, the IS auditor should expand the scope of testing the controls and include additional substantive tests. There is no evidence that whatever controls might exist are either inadequate or adequate. Placing greater reliance on previous audits or suspending the audit are inappropriate actions as they provide no current knowledge of the adequacy of the existing controls.

NEW QUESTION 204

- (Topic 2)

After initial investigation, an IS auditor has reasons to believe that fraud may be present. The IS auditor should:

- A. expand activities to determine whether an investigation is warranted
- B. report the matter to the audit committee
- C. report the possibility of fraud to top management and ask how they would like to proceed
- D. consult with external legal counsel to determine the course of action to be taken

Answer: A

Explanation:

An IS auditor's responsibilities for detecting fraud include evaluating fraud indicators and deciding whether any additional action is necessary or whether an investigation should be recommended. The IS auditor should notify the appropriate authorities within the organization only if it has determined that the indicators of fraud are sufficient to recommend an investigation. Normally, the IS auditor does not have authority to consult with external legal counsel.

NEW QUESTION 208

- (Topic 2)

Which of the following should an IS auditor use to detect duplicate invoice records within an invoice master file?

- A. Attribute sampling
- B. Generalized audit software (GAS)
- C. Test data
- D. Integrated test facility (ITF)

Answer: B

Explanation:

Generalized audit software (GAS) would enable the auditor to review the entire invoice file to look for those items that meet the selection criteria. Attribute sampling would aid in identifying records meeting specific conditions, but would not compare one record to another to identify duplicates. To detect duplicate invoice records the IS auditor should check all of the items that meet the criteria and not just a sample of the items. Test data are used to verify program processing, but will not identify duplicate records. An integrated test facility (ITF) allows the IS auditor to test transactions through the production system, but would not compare records to identify duplicates.

NEW QUESTION 211

- (Topic 2)

Which of the following would an IS auditor use to determine if unauthorized modifications were made to production programs?

- A. System log analysis
- B. Compliance testing
- C. Forensic analysis
- D. Analytical review

Answer: B

Explanation:

Determining that only authorized modifications are made to production programs would require the change management process be reviewed to evaluate the existence of a trail of documentary evidence. Compliance testing would help to verify that the change management process has been applied consistently. It is unlikely that the system log analysis would provide information about the modification of programs. Forensic analysis is a specialized technique for criminal investigation. An analytical review assesses the general control environment of an organization.

NEW QUESTION 214

- (Topic 2)

During the collection of forensic evidence, which of the following actions would MOST likely result in the destruction or corruption of evidence on a compromised system?

- A. Dumping the memory content to a file
- B. Generating disk images of the compromised system
- C. Rebooting the system
- D. Removing the system from the network

Answer: C

Explanation:

Rebooting the system may result in a change in the system state and the loss of files and important evidence stored in memory. The other choices are appropriate actions for preserving evidence.

NEW QUESTION 217

- (Topic 2)

Corrective action has been taken by an auditee immediately after the identification of a reportable finding. The auditor should:

- A. include the finding in the final report, because the IS auditor is responsible for an accurate report of all finding
- B. not include the finding in the final report, because the audit report should include only unresolved finding
- C. not include the finding in the final report, because corrective action can be verified by the IS auditor during the audit
- D. include the finding in the closing meeting for discussion purposes only

Answer: A

Explanation:

Including the finding in the final report is a generally accepted audit practice. If an action is taken after the audit started and before it ended, the audit report should identify the finding and describe the corrective action taken. An audit report should reflect the situation, as it existed at the start of the audit. All corrective actions taken by the auditee should be reported in writing.

NEW QUESTION 219

- (Topic 2)

During an implementation review of a multiuser distributed application, an IS auditor finds minor weaknesses in three areas-the initial setting of parameters is improperly installed, weak passwords are being used and some vital reports are not being checked properly. While preparing the audit report, the IS auditor should:

- A. record the observations separately with the impact of each of them marked against each respective finding
- B. advise the manager of probable risks without recording the observations, as the control weaknesses are minor ones
- C. record the observations and the risk arising from the collective weaknesses
- D. apprise the departmental heads concerned with each observation and properly document it in the report

Answer: C

Explanation:

Individually the weaknesses are minor; however, together they have the potential to substantially weaken the overall control structure. Choices A and D reflect a failure on the part of an IS auditor to recognize the combined effect of the control weakness. Advising the local manager without reporting the facts and observations would conceal the findings from other stakeholders.

NEW QUESTION 221

- (Topic 2)

When preparing an audit report the IS auditor should ensure that the results are supported by:

- A. statements from IS management
- B. workpapers of other auditor
- C. an organizational control self-assessment
- D. sufficient and appropriate audit evidence

Answer: D

Explanation:

ISACA's standard on 'reporting' requires the IS auditor have sufficient and appropriate audit evidence to support the reported results. Statements from IS management provide a basis for obtaining concurrence on matters that cannot be verified with empirical evidence. The report should be based on evidence collected during the course of the review even though the auditor may have access to the work papers of other auditors. The results of an organizational control self-assessment (CSA) could supplement the audit findings. Choices A, B and C might be referenced during an audit but, of themselves, would not be considered a sufficient basis for issuing a report.

NEW QUESTION 226

- (Topic 2)

A PRIMARY benefit derived from an organization employing control self-assessment (CSA) techniques is that it:

- A. can identify high-risk areas that might need a detailed review late
- B. allows IS auditors to independently assess ris
- C. can be used as a replacement for traditional audit
- D. allows management to relinquish responsibility for contro

Answer: A

Explanation:

CSA is predicated on the review of high-risk areas that either need immediate attention or a more thorough review at a later date. Choice B is incorrect, because CSA requires the involvement of auditors and line management. What occurs is that the internal audit function shifts some of the control monitoring responsibilities to the functional areas. Choice C is incorrect because CSA is not a replacement for traditional audits. CSA is not intended to replace audit's responsibilities, but to enhance them. Choice D is incorrect, because CSA does not allow management to relinquish its responsibility for control.

NEW QUESTION 230

- (Topic 2)

The success of control self-assessment (CSA) highly depends on:

- A. having line managers assume a portion of the responsibility for control monitorin
- B. assigning staff managers the responsibility for building, but not monitoring, control
- C. the implementation of a stringent control policy and rule-driven control
- D. the implementation of supervision and the monitoring of controls of assigned dutie

Answer: A

Explanation:

The primary objective of a CSA program is to leverage the internal audit function by shifting some of the control monitoring responsibilities to the functional area line managers. The success of a control self-assessment (CSA) program depends on the degree to which line managers assume responsibility for controls- Choices B, C and D are characteristics of a traditional audit approach, not a CSA approach.

NEW QUESTION 231

- (Topic 3)

The MOST likely effect of the lack of senior management commitment to IT strategic planning is:

- A. a lack of investment in technolog
- B. a lack of a methodology for systems developmen
- C. technology not aligning with the organization's objective
- D. an absence of control over technology contract

Answer: C

Explanation:

A steering committee should exist to ensure that the IT strategies support the organization's goals. The absence of an information technology committee or a committee not composed of senior managers would be an indication of a lack of top-level management commitment. This condition would increase the risk that IT would not be aligned with the organization's strategy.

NEW QUESTION 234

- (Topic 3)

An IS steering committee should:

- A. include a mix of members from different departments and staff level
- B. ensure that IS security policies and procedures have been executed properl
- C. have formal terms of reference and maintain minutes of its meeting
- D. be briefed about new trends and products at each meeting by a vendo

Answer: C

Explanation:

It is important to keep detailed steering committee minutes to document the decisions and activities of the IS steering committee, and the board of directors should be informed about those decisions on a timely basis. Choice A is incorrect because only senior management or high-level staff members should be on this committee because of its strategic mission. Choice B is not a responsibility of this committee, but the responsibility of the security administrator. Choice D is incorrect because a vendor should be invited to meetings only when appropriate.

NEW QUESTION 239

- (Topic 3)

Effective IT governance requires organizational structures and processes to ensure that:

- A. the organization's strategies and objectives extend the IT strateg
- B. the business strategy is derived from an IT strateg
- C. IT governance is separate and distinct from the overall governanc
- D. the IT strategy extends the organization's strategies and objective

Answer: D

Explanation:

Effective IT governance requires that board and executive management extend governance to IT and provide the leadership, organizational structures and processes that ensure that the organization's IT sustains and extends the organization's strategies and objectives, and that the strategy is aligned with business strategy. Choice A is incorrect because it is the IT strategy that extends the organizational objectives, not the opposite. IT governance is not an isolated discipline; it must become an integral part of the overall enterprise governance.

NEW QUESTION 243

- (Topic 3)

An IS auditor identifies that reports on product profitability produced by an organization's finance and marketing departments give different results. Further investigation reveals that the product definition being used by the two departments is different. What should the IS auditor recommend?

- A. User acceptance testing (UAT) occur for all reports before release into production
- B. Organizational data governance practices be put in place
- C. Standard software tools be used for report development
- D. Management sign-off on requirements for new reports

Answer: B

Explanation:

This choice directly addresses the problem. An organizationwide approach is needed to achieve effective management of data assets. This includes enforcing standard definitions of data elements, which is part of a data governance initiative. The other choices, while sound development practices, do not address the root cause of the problem described.

NEW QUESTION 248

- (Topic 3)

When an employee is terminated from service, the MOST important action is to:

- A. hand over all of the employee's files to another designated employe
- B. complete a backup of the employee's wor
- C. notify other employees of the terminatio
- D. disable the employee's logical acces

Answer: D

Explanation:

There is a probability that a terminated employee may misuse access rights; therefore, disabling the terminated employee's logical access is the most important action to take. All the work of the terminated employee needs to be handed over to a designated employee; however, this should be performed after implementing choice D. All the work of the terminated employee needs to be backed up and the employees need to be notified of the termination of the employee, but this should not precede the action in choice D.

NEW QUESTION 253

- (Topic 3)

A long-term IS employee with a strong technical background and broad managerial experience has applied for a vacant position in the IS audit department. Determining whether to hire this individual for this position should be based on the individual's experience and:

- A. length of service, since this will help ensure technical competenc
- B. age, as training in audit techniques may be impractica
- C. IS knowledge, since this will bring enhanced credibility to the audit functio
- D. ability, as an IS auditor, to be independent of existing IS relationship

Answer: D

Explanation:

Independence should be continually assessed by the auditor and management. This assessment should consider such factors as changes in personal relationships, financial interests, and prior job assignments and responsibilities. The fact that the employee has worked in IS for many years may not in itself ensure credibility. The audit department's needs should be defined and any candidate should be evaluated against those requirements. The length of service will not ensure technical competency. Evaluating an individual's qualifications based on the age of the individual is not a good criterion and is illegal in many parts of the world.

NEW QUESTION 258

- (Topic 3)

When segregation of duties concerns exist between IT support staff and end users, what would be a suitable compensating control?

- A. Restricting physical access to computing equipment

- B. Reviewing transaction and application logs
- C. Performing background checks prior to hiring IT staff
- D. Locking user sessions after a specified period of inactivity

Answer: B

Explanation:

Only reviewing transaction and application logs directly addresses the threat posed by poor segregation of duties. The review is a means of detecting inappropriate behavior and also discourages abuse, because people who may otherwise be tempted to exploit the situation are aware of the likelihood of being caught. Inadequate segregation of duties is more likely to be exploited via logical access to data and computing resources rather than physical access. Choice C is a useful control to ensure IT staff are trustworthy and competent but does not directly address the lack of an optimal segregation of duties. Choice D acts to prevent unauthorized users from gaining system access, but the issue of a lack of segregation of duties is more the misuse (deliberately or inadvertently) of access privileges that have officially been granted.

NEW QUESTION 259

- (Topic 3)

Which of the following is normally a responsibility of the chief security officer (CSO)?

- A. Periodically reviewing and evaluating the security policy
- B. Executing user application and software testing and evaluation
- C. Granting and revoking user access to IT resources
- D. Approving access to data and applications

Answer: A

Explanation:

The role of a chief security officer (CSO) is to ensure that the corporate security policy and controls are adequate to prevent unauthorized access to the company assets, including data, programs and equipment. User application and other software testing and evaluation normally are the responsibility of the staff assigned to development and maintenance. Granting and revoking access to IT resources is usually a function of network or database administrators. Approval of access to data and applications is the duty of the data owner.

NEW QUESTION 261

- (Topic 3)

To aid management in achieving IT and business alignment, an IS auditor should recommend the use of:

- A. control self-assessment
- B. a business impact analysis
- C. an IT balanced scorecard
- D. business process reengineering

Answer: C

Explanation:

An IT balanced scorecard (BSC) provides the bridge between IT objectives and business objectives by supplementing the traditional financial evaluation with measures to evaluate customer satisfaction, internal processes and the ability to innovate. Control self-assessment (CSA), business impact analysis (BIA) and business process reengineering (BPR) are insufficient to align IT with organizational objectives.

NEW QUESTION 262

- (Topic 3)

When developing a formal enterprise security program, the MOST critical success factor (CSF) would be the:

- A. establishment of a review board
- B. creation of a security unit
- C. effective support of an executive sponsor
- D. selection of a security process owner

Answer: C

Explanation:

The executive sponsor would be in charge of supporting the organization's strategic security program, and would aid in directing the organization's overall security management activities. Therefore, support by the executive level of management is the most critical success factor (CSF). None of the other choices are effective without visible sponsorship of top management.

NEW QUESTION 266

- (Topic 3)

The PRIMARY objective of an audit of IT security policies is to ensure that:

- A. they are distributed and available to all staff
- B. security and control policies support business and IT objective
- C. there is a published organizational chart with functional description
- D. duties are appropriately segregated

Answer: B

Explanation:

Business orientation should be the main theme in implementing security. Hence, an IS audit of IT security policies should primarily focus on whether the IT and related security and control policies support business and IT objectives. Reviewing whether policies are available to all is an objective, but distribution does not ensure compliance. Availability of organizational charts with functional descriptions and segregation of duties might be included in the review, but are not the primary objective of an audit of security policies.

NEW QUESTION 271

- (Topic 3)

The rate of change in technology increases the importance of:

- A. outsourcing the IS functio
- B. implementing and enforcing good processe
- C. hiring personnel willing to make a career within the organizatio
- D. meeting user requirement

Answer: B

Explanation:

Change requires that good change management processes be implemented and enforced. Outsourcing the IS function is not directly related to the rate of technological change. Personnel in a typical IS department are highly qualified and educated; usually they do not feel their jobs are at risk and are prepared to switch jobs frequently. Although meeting user requirements is important, it is not directly related to the rate of technological change in the IS environment.

NEW QUESTION 273

- (Topic 3)

The development of an IS security policy is ultimately the responsibility of the:

- A. IS departmen
- B. security committe
- C. security administrato
- D. board of director

Answer: D

Explanation:

Normally, the designing of an information systems security policy is the responsibility of top management or the board of directors. The IS department is responsible for the execution of the policy, having no authority in framing the policy. The security committee also functions within the broad security policy framed by the board of directors. The security administrator is responsible for implementing, monitoring and enforcing the security rules that management has established and authorized.

NEW QUESTION 278

- (Topic 3)

Which of the following should be included in an organization's IS security policy?

- A. A list of key IT resources to be secured
- B. The basis for access authorization
- C. Identity of sensitive security features
- D. Relevant software security features

Answer: B

Explanation:

The security policy provides the broad framework of security, as laid down and approved by senior management. It includes a definition of those authorized to grant access and the basis for granting the access. Choices A, B and C are more detailed than that which should be included in a policy.

NEW QUESTION 283

- (Topic 3)

A comprehensive and effective e-mail policy should address the issues of e-mail structure, policy enforcement, monitoring and:

- A. recover
- B. retentio
- C. rebuildin
- D. reus

Answer: B

Explanation:

Besides being a good practice, laws and regulations may require that an organization keep information that has an impact on the financial statements. The prevalence of lawsuits in which e-mail communication is held in the same regard as the official form of classic 'paper' makes the retention of corporate e-mail a necessity. All e-mail generated on an organization's hardware is the property of the organization, and an e-mail policy should address the retention of messages, considering both known and unforeseen litigation. The policy should also address the destruction of e-mails after a specified time to protect the nature and confidentiality of the messages themselves. Addressing the retention issue in the e-mail policy would facilitate recovery, rebuilding and reuse.

NEW QUESTION 286

- (Topic 3)

To ensure an organization is complying with privacy requirements, an IS auditor should FIRST review:

- A. the IT infrastructure
- B. organizational policies, standards and procedure
- C. legal and regulatory requirement
- D. the adherence to organizational policies, standards and procedure

Answer: C

Explanation:

To ensure that the organization is complying with privacy issues, an IS auditor should address legal and regulatory requirements first. To comply with legal and regulatory requirements, organizations need to adopt the appropriate infrastructure. After understanding the legal and regulatory requirements, an IS auditor should evaluate organizational policies, standards and procedures to determine whether they adequately address the privacy requirements, and then review the adherence to these specific policies, standards and procedures.

NEW QUESTION 288

- (Topic 3)

A top-down approach to the development of operational policies will help ensure:

- A. that they are consistent across the organization
- B. that they are implemented as a part of risk assessment
- C. compliance with all policies
- D. that they are reviewed periodically

Answer: A

Explanation:

Deriving lower level policies from corporate policies (a top-down approach) aids in ensuring consistency across the organization and consistency with other policies. The bottom-up approach to the development of operational policies is derived as a result of risk assessment. A top-down approach of itself does not ensure compliance and development does not ensure that policies are reviewed.

NEW QUESTION 290

- (Topic 3)

The PRIMARY objective of implementing corporate governance by an organization's management is to:

- A. provide strategic direction
- B. control business operation
- C. align IT with business
- D. implement best practice

Answer: A

Explanation:

Corporate governance is a set of management practices to provide strategic direction, thereby ensuring that goals are achievable, risks are properly addressed and organizational resources are properly utilized. Hence, the primary objective of corporate governance is to provide strategic direction. Based on the strategic direction, business operations are directed and controlled.

NEW QUESTION 295

- (Topic 3)

Which of the following should an IS auditor recommend to BEST enforce alignment of an IT project portfolio with strategic organizational priorities?

- A. Define a balanced scorecard (BSC) for measuring performance
- B. Consider user satisfaction in the key performance indicators (KPIs)
- C. Select projects according to business benefits and risks
- D. Modify the yearly process of defining the project portfolio

Answer: C

Explanation:

Prioritization of projects on the basis of their expected benefit(s) to business, and the related risks, is the best measure for achieving alignment of the project portfolio to an organization's strategic priorities. Modifying the yearly process of the projects portfolio definition might improve the situation, but only if the portfolio definition process is currently not tied to the definition of corporate strategies; however, this is unlikely since the difficulties are in maintaining the alignment, and not in setting it up initially. Measures such as balanced scorecard (BSC) and key performance indicators (KPIs) are helpful, but they do not guarantee that the projects are aligned with business strategy.

NEW QUESTION 300

- (Topic 3)

An example of a direct benefit to be derived from a proposed IT-related business investment is:

- A. enhanced reputation
- B. enhanced staff morale
- C. the use of new technology
- D. increased market penetration

Answer: D

Explanation:

A comprehensive business case for any proposed IT-related business investment should have clearly defined business benefits to enable the expected return to be calculated. These benefits usually fall into two categories: direct and indirect, or soft. Direct benefits usually comprise the quantifiable financial benefits that the new system is expected to generate. The potential benefits of enhanced reputation and enhanced staff morale are difficult to quantify, but should be quantified to the extent possible. IT investments should not be made just for the sake of new technology but should be based on a quantifiable business need.

NEW QUESTION 304

- (Topic 3)

After the merger of two organizations, multiple self-developed legacy applications from both companies are to be replaced by a new common platform. Which of the following would be the GREATEST risk?

- A. Project management and progress reporting is combined in a project management office which is driven by external consultant
- B. The replacement effort consists of several independent projects without integrating the resource allocation in a portfolio management approach
- C. The resources of each of the organizations are inefficiently allocated while they are being familiarized with the other company's legacy system
- D. The new platform will force the business areas of both organizations to change their work processes, which will result in extensive training need

Answer: B

Explanation:

The efforts should be consolidated to ensure alignment with the overall strategy of the postmerger organization. If resource allocation is not centralized, the separate projects are at risk of overestimating the availability of key knowledge resources for the in-house developed legacy applications. In postmerger integration programs, it is common to form project management offices to ensure standardized and comparable information levels in the planning and reporting structures, and to centralized dependencies of project deliverables or resources. The experience of external consultants can be valuable since project management practices do not require in-depth knowledge of the legacy systems. This can free up resources for functional tasks. It is a good idea to first get familiar with the old systems, to understand what needs to be done in a migration and to evaluate the implications of technical decisions. In most cases, mergers result in application changes and thus in training needs as organizations and processes change to leverage the intended synergy effects of the merger.

NEW QUESTION 307

- (Topic 3)

An IS auditor should expect which of the following items to be included in the request for proposal (RFP) when IS is procuring services from an independent service provider (ISP)?

- A. References from other customers
- B. Service level agreement (SLA) template
- C. Maintenance agreement
- D. Conversion plan

Answer: A

Explanation:

An IS auditor should look for an independent verification that the ISP can perform the tasks being contracted for. References from other customers would provide an independent, external review and verification of procedures and processes the ISP follows—issues which would be of concern to an IS auditor. Checking references is a means of obtaining an independent verification that the vendor can perform the services it says it can. A maintenance agreement relates more to equipment than to services, and a conversion plan, while important, is less important than verification that the ISP can provide the services they propose.

NEW QUESTION 312

- (Topic 3)

While conducting an audit of a service provider, an IS auditor observes that the service provider has outsourced a part of the work to another provider. Since the work involves confidential information, the IS auditor's PRIMARY concern should be that the:

- A. requirement for protecting confidentiality of information could be compromised
- B. contract may be terminated because prior permission from the outsourcer was not obtained
- C. other service provider to whom work has been outsourced is not subject to audit
- D. outsourcer will approach the other service provider directly for further work

Answer: A

Explanation:

Many countries have enacted regulations to protect the confidentiality of information maintained in their countries and/or exchanged with other countries. Where a service provider outsources part of its services to another service provider, there is a potential risk that the confidentiality of the information will be compromised. Choices B and C could be concerns but are not related to ensuring the confidentiality of information. There is no reason why an IS auditor should be concerned with choice D.

NEW QUESTION 314

- (Topic 3)

An organization has outsourced its help desk activities. An IS auditor's GREATEST concern when reviewing the contract and associated service level agreement (SLA) between the organization and vendor should be the provisions for:

- A. documentation of staff background check
- B. independent audit reports or full audit access
- C. reporting the year-to-year incremental cost reduction
- D. reporting staff turnover, development or training

Answer: B

Explanation:

When the functions of an IS department are outsourced, an IS auditor should ensure that a provision is made for independent audit reports that cover all essential areas, or that the outsourcer has full audit access. Although it is necessary to document the fact that background checks are performed, this is not as important as provisions for audits. Financial measures such as year-to-year incremental cost reductions are desirable to have in a service level agreement (SLA); however, cost reductions are not as important as the availability of independent audit reports or full audit access. An SLA might include human relationship measures such as resource planning, staff turnover, development or training, but this is not as important as the requirements for independent reports or full audit access by the outsourcing organization.

NEW QUESTION 315

- (Topic 3)

Which of the following is the MOST important IS audit consideration when an organization outsources a customer credit review system to a third-party service provider? The provider:

- A. meets or exceeds industry security standard
- B. agrees to be subject to external security review
- C. has a good market reputation for service and experience
- D. complies with security policies of the organization

Answer: B

Explanation:

It is critical that an independent security review of an outsourcing vendor be obtained because customer credit information will be kept there. Compliance with security standards or organization policies is important, but there is no way to verify or prove that that is the case without an independent review. Though long experience in business and good reputation is an important factor to assess service quality, the business cannot outsource to a provider whose security control is weak.

NEW QUESTION 317

- (Topic 3)

An IS auditor was hired to review e-business security. The IS auditor's first task was to examine each existing e-business application looking for vulnerabilities. What would be the next task?

- A. Report the risks to the CIO and CEO immediately
- B. Examine e-business application in development
- C. Identify threats and likelihood of occurrence
- D. Check the budget available for risk management

Answer: C

Explanation:

An IS auditor must identify the assets, look for vulnerabilities, and then identify the threats and the likelihood of occurrence. Choices A, B and D should be discussed with the CIO, and a report should be delivered to the CEO. The report should include the findings along with priorities and costs.

NEW QUESTION 322

- (Topic 3)

Which of the following is a mechanism for mitigating risks?

- A. Security and control practices
- B. Property and liability insurance
- C. Audit and certification
- D. Contracts and service level agreements (SLAs)

Answer: A

Explanation:

Risks are mitigated by implementing appropriate security and control practices. Insurance is a mechanism for transferring risk. Audit and certification are mechanisms of risk assurance, while contracts and SLAs are mechanisms of risk allocation.

NEW QUESTION 323

- (Topic 3)

A team conducting a risk analysis is having difficulty projecting the financial losses that could result from a risk. To evaluate the potential losses, the team should:

- A. compute the amortization of the related asset
- B. calculate a return on investment (ROI).
- C. apply a qualitative approach
- D. spend the time needed to define exactly the loss amount

Answer: C

Explanation:

The common practice, when it is difficult to calculate the financial losses, is to take a qualitative approach, in which the manager affected by the risk defines the financial loss in terms of a weighted factor {e.g., one is a very low impact to the business and five is a very high impact}. An ROI is computed when there is predictable savings or revenues that can be compared to the investment needed to realize the revenues. Amortization is used in a profit and loss statement, not in computing potential losses. Spending the time needed to define exactly the total amount is normally a wrong approach. If it has been difficult to estimate potential losses (e.g., losses derived from erosion of public image due to a hack attack), that situation is not likely to change, and at the end of the day, the result will be a

not well-supported evaluation.

NEW QUESTION 327

- (Topic 3)

A poor choice of passwords and transmission over unprotected communications lines are examples of:

- A. vulnerabilitie
- B. threat
- C. probabilitie
- D. impact

Answer: A

Explanation:

Vulnerabilities represent characteristics of information resources that may be exploited by a threat. Threats are circumstances or events with the potential to cause harm to information resources. Probabilities represent the likelihood of the occurrence of a threat, while impacts represent the outcome or result of a threat exploiting a vulnerability.

NEW QUESTION 332

- (Topic 3)

As a driver of IT governance, transparency of IT's cost, value and risks is primarily achieved through:

- A. performance measuremen
- B. strategic alignmen
- C. value deliver
- D. resource managemen

Answer: A

Explanation:

Performance measurement includes setting and monitoring measurable objectives of what the IT processes need to deliver (process outcome) and how they deliver it (process capability and performance). Strategic alignment primarily focuses on ensuring linkage of business and IT plans. Value delivery is about executing the value proposition throughout the delivery cycle. Resource management is about the optimal investment in and proper management of critical IT resources. Transparency is primarily achieved through performance measurement as it provides information to the stakeholders on how well the enterprise is performing when compared to objectives.

NEW QUESTION 335

- (Topic 3)

Which of the following should be the MOST important consideration when deciding areas of priority for IT governance implementation?

- A. Process maturity
- B. Performance indicators
- C. Business risk
- D. Assurance reports

Answer: C

Explanation:

Priority should be given to those areas which represent a known risk to the enterprise's operations. The level of process maturity, process performance and audit reports will feed into the decision making process. Those areas that represent real risk to the business should be given priority.

NEW QUESTION 338

- (Topic 3)

The PRIMARY benefit of implementing a security program as part of a security governance framework is the:

- A. alignment of the IT activities with IS audit recommendation
- B. enforcement of the management of security risk
- C. implementation of the chief information security officer's (CISO) recommendation
- D. reduction of the cost for IT securit

Answer: B

Explanation:

The major benefit of implementing a security program is management's assessment of risk and its mitigation to an appropriate level of risk, and the monitoring of the remaining residual risks. Recommendations, visions and objectives of the auditor and the chief information security officer (CISO) are usually included within a security program, but they would not be the major benefit. The cost of IT security may or may not be reduced.

NEW QUESTION 341

- (Topic 3)

Before implementing an IT balanced scorecard, an organization must:

- A. deliver effective and efficient service
- B. define key performance indicator
- C. provide business value to IT project

D. control IT expense

Answer: B

Explanation:

A definition of key performance indicators is required before implementing an IT balanced scorecard. Choices A, C and D are objectives.

NEW QUESTION 344

- (Topic 4)

Which of the following risks could result from inadequate software baselining?

- A. Scope creep
- B. Sign-off delays
- C. Software integrity violations
- D. inadequate controls

Answer: A

Explanation:

A software baseline is the cut-off point in the design and development of a system beyond which additional requirements or modifications to the design do not or cannot occur without undergoing formal strict procedures for approval based on a business cost-benefit analysis. Failure to adequately manage the requirements of a system through baselining can result in a number of risks. Foremost among these risks is scope creep, the process through which requirements change during development. Choices B, C and D may not always result, but choice A is inevitable.

NEW QUESTION 345

- (Topic 4)

Change control for business application systems being developed using prototyping could be complicated by the:

- A. iterative nature of prototyping
- B. rapid pace of modifications in requirements and design
- C. emphasis on reports and screen
- D. lack of integrated tool

Answer: B

Explanation:

Changes in requirements and design happen so quickly that they are seldom documented or approved. Choices A, C and D are characteristics of prototyping, but they do not have an adverse effect on change control.

NEW QUESTION 349

- (Topic 4)

Which of the following should an IS auditor review to gain an understanding of the effectiveness of controls over the management of multiple projects?

- A. Project database
- B. Policy documents
- C. Project portfolio database
- D. Program organization

Answer: C

Explanation:

A project portfolio database is the basis for project portfolio management. It includes project data, such as owner, schedules, objectives, project type, status and cost. Project portfolio management requires specific project portfolio reports. A project database may contain the above for one specific project and updates to various parameters pertaining to the current status of that single project. Policy documents on project management set direction for the design, development, implementation and monitoring of the project. Program organization is the team required (steering committee, quality assurance, systems personnel, analyst, programmer, hardware support, etc.) to meet the delivery objective of the project.

NEW QUESTION 353

- (Topic 4)

When identifying an earlier project completion time, which is to be obtained by paying a premium for early completion, the activities that should be selected are those:

- A. whose sum of activity time is the shortest
- B. that have zero slack time
- C. that give the longest possible completion time
- D. whose sum of slack time is the shortest

Answer: B

Explanation:

A critical path's activity time is longer than that for any other path through the network. This path is important because if everything goes as scheduled, its length gives the shortest possible completion time for the overall project. Activities on the critical path become candidates for crashing, i.e., for reduction in their time by payment of a premium for early completion. Activities on the critical path have zero slack time and conversely, activities with zero slack time are on a critical path.

By successively relaxing activities on a critical path, a curve showing total project costs vs. time can be obtained.

NEW QUESTION 356

- (Topic 4)

At the completion of a system development project, a postproject review should include which of the following?

- A. Assessing risks that may lead to downtime after the production release
- B. Identifying lessons learned that may be applicable to future projects
- C. Verifying the controls in the delivered system are working
- D. Ensuring that test data are deleted

Answer: B

Explanation:

A project team has something to learn from each and every project. As risk assessment is a key issue for project management, it is important for the organization to accumulate lessons learned and integrate them into future projects. An assessment of potential downtime should be made with the operations group and other specialists before implementing a system. Verifying that controls are working should be covered during the acceptance test phase and possibly, again, in the postimplementation review. Test data should be retained for future regression testing.

NEW QUESTION 358

- (Topic 4)

An IS auditor has been asked to participate in project initiation meetings for a critical project. The IS auditor's MAIN concern should be that the:

- A. complexity and risks associated with the project have been analyze
- B. resources needed throughout the project have been determine
- C. project deliverables have been identifie
- D. a contract for external parties involved in the project has been complete

Answer: A

Explanation:

Understanding complexity and risk, and actively managing these throughout a project are critical to a successful outcome. The other choices, while important during the course of the project, cannot be fully determined at the time the project is initiated, and are often contingent upon the risk and complexity of the project.

NEW QUESTION 359

- (Topic 4)

A project manager of a project that is scheduled to take 18 months to complete announces that the project is in a healthy financial position because, after 6 months, only one-sixth of the budget has been spent. The IS auditor should FIRST determine:

- A. what amount of progress against schedule has been achieve
- B. if the project budget can be reduce
- C. if the project could be brought in ahead of schedul
- D. if the budget savings can be applied to increase the project scop

Answer: A

Explanation:

Cost performance of a project cannot be properly assessed in isolation of schedule performance. Cost cannot be assessed simply in terms of elapsed time on a project. To properly assess the project budget position it is necessary to know how much progress has actually been made and, given this, what level of expenditure would be expected. It is possible that project expenditure appears to be low because actual progress has been slow. Until the analysis of project against schedule has been completed, it is impossible to know whether there is any reason to reduce budget, if the project has slipped behind schedule, then not only may there be no spare budget but it is possible that extra expenditure may be needed to retrieve the slippage. The low expenditure could actually be representative of a situation where the project is likely to miss deadlines rather than potentially come in ahead of time. If the project is found to be ahead of budget after adjusting for actual progress, this is not necessarily a good outcome because it points to flaws in the original budgeting process; and, as said above, until further analysis is undertaken, it cannot be determined whether any spare funds actually exist. Further, if the project is behind schedule, then adding scope may be the wrong thing to do.

NEW QUESTION 360

- (Topic 4)

A manager of a project was not able to implement all audit recommendations by the target date. The IS auditor should:

- A. recommend that the project be halted until the issues are resolve
- B. recommend that compensating controls be implemente
- C. evaluate risks associated with the unresolved issue
- D. recommend that the project manager reallocate test resources to resolve the issue

Answer: C

Explanation:

It is important to evaluate what the exposure would be when audit recommendations have not been completed by the target date. Based on the evaluation, management can accordingly consider compensating controls, risk acceptance, etc. All other choices might be appropriate only after the risks have been assessed.

NEW QUESTION 365

- (Topic 4)

Which of the following situations would increase the likelihood of fraud?

- A. Application programmers are implementing changes to production program
- B. Application programmers are implementing changes to test program
- C. Operations support staff are implementing changes to batch schedule
- D. Database administrators are implementing changes to data structure

Answer: A

Explanation:

Production programs are used for processing an enterprise's data. It is imperative that controls on changes to production programs are stringent. Lack of control in this area could result in application programs being modified to manipulate the data. Application programmers are required to implement changes to test programs. These are used only in development and do not directly impact the live processing of data. The implementation of changes to batch schedules by operations support staff will affect the scheduling of the batches only; it does not impact the live data. Database administrators are required to implement changes to data structures. This is required for reorganization of the database to allow for additions, modifications or deletions of fields or tables in the database.

NEW QUESTION 369

- (Topic 4)

The purpose of a checksum on an amount field in an electronic data interchange (EDI) communication of financial transactions is to ensure:

- A. integrity
- B. authenticity
- C. authorization
- D. nonrepudiation

Answer: A

Explanation:

A checksum calculated on an amount field and included in the EDI communication can be used to identify unauthorized modifications. Authenticity and authorization cannot be established by a checksum alone and need other controls. Nonrepudiation can be ensured by using digital signatures.

NEW QUESTION 373

- (Topic 4)

The editing/validation of data entered at a remote site would be performed MOST effectively at the:

- A. central processing site after running the application system
- B. central processing site during the running of the application system
- C. remote processing site after transmission of the data to the central processing site
- D. remote processing site prior to transmission of the data to the central processing site

Answer: D

Explanation:

It is important that the data entered from a remote site is edited and validated prior to transmission to the central processing site.

NEW QUESTION 376

- (Topic 4)

Which of the following is the GREATEST risk when implementing a data warehouse?

- A. increased response time on the production systems
- B. Access controls that are not adequate to prevent data modification
- C. Data duplication
- D. Data that is not updated or current

Answer: B

Explanation:

Once the data is in a warehouse, no modifications should be made to it and access controls should be in place to prevent data modification. Increased response time on the production systems is not a risk, because a data warehouse does not impact production data. Based on data replication, data duplication is inherent in a data warehouse. Transformation of data from operational systems to a data warehouse is done at predefined intervals, and as such, data may not be current.

NEW QUESTION 381

- (Topic 4)

Which of the following will BEST ensure the successful offshore development of business applications?

- A. Stringent contract management practices
- B. Detailed and correctly applied specifications
- C. Awareness of cultural and political differences
- D. Postimplementation reviews

Answer: B

Explanation:

When dealing with offshore operations, it is essential that detailed specifications be created. Language differences and a lack of interaction between developers and physically remote end users could create gaps in communication in which assumptions and modifications may not be adequately communicated. Contract management practices, cultural and political differences, and postimplementation reviews, although important, are not as pivotal to the success of the project.

NEW QUESTION 383

- (Topic 4)

The MAIN purpose of a transaction audit trail is to:

- A. reduce the use of storage media
- B. determine accountability and responsibility for processed transaction
- C. help an IS auditor trace transaction
- D. provide useful information for capacity planning

Answer: B

Explanation:

Enabling audit trails aids in establishing the accountability and responsibility for processed transactions by tracing them through the information system. Enabling audit trails increases the use of disk space. A transaction log file would be used to trace transactions, but would not aid in determining accountability and responsibility. The objective of capacity planning is the efficient and effective use of IT resources and requires information such as CPU utilization, bandwidth, number of users, etc.

NEW QUESTION 388

- (Topic 4)

An appropriate control for ensuring the authenticity of orders received in an EDI application is to:

- A. acknowledge receipt of electronic orders with a confirmation message
- B. perform reasonableness checks on quantities ordered before filling order
- C. verify the identity of senders and determine if orders correspond to contract terms
- D. encrypt electronic order

Answer: C

Explanation:

An electronic data interchange (EDI) system is subject not only to the usual risk exposures of computer systems but also to those arising from the potential ineffectiveness of controls on the part of the trading partner and the third-party service provider, making authentication of users and messages a major security concern. Acknowledging the receipt of electronic orders with a confirming message is good practice but will not authenticate orders from customers. Performing reasonableness checks on quantities ordered before placing orders is a control for ensuring the correctness of the company's orders, not the authenticity of its customers' orders. Encrypting sensitive messages is an appropriate step but does not apply to messages received.

NEW QUESTION 391

- (Topic 4)

Failure in which of the following testing stages would have the GREATEST impact on the implementation of new application software?

- A. System testing
- B. Acceptance testing
- C. Integration testing
- D. Unit testing

Answer: B

Explanation:

Acceptance testing is the final stage before the software is installed and is available for use. The greatest impact would occur if the software fails at the acceptance testing level, as this could result in delays and cost overruns. System testing is undertaken by the developer team to determine if the software meets user requirements per specifications. Integration testing examines the units/modules as one integrated system and unit testing examines the individual units or components of the software. System, integration and unit testing are all performed by the developers at various stages of development; the impact of failure is comparatively less for each than failure at the acceptance testing stage.

NEW QUESTION 394

- (Topic 4)

Which of the following is a dynamic analysis tool for the purpose of testing software modules?

- A. Black box test
- B. Desk checking
- C. Structured walkthrough
- D. Design and code

Answer: A

Explanation:

A black box test is a dynamic analysis tool for testing software modules. During the testing of software modules a black box test works first in a cohesive manner as a single unit/entity consisting of numerous modules, and second with the user data that flows across software modules, in some cases, this even drives the software behavior. In choices B, C and D, the software (design or code) remains static and someone closely examines it by applying their mind, without actually activating the software. Therefore, these cannot be referred to as dynamic analysis tools.

NEW QUESTION 398

- (Topic 4)

The phases and deliverables of a system development life cycle (SDLC) project should be determined:

- A. during the initial planning stages of the projec
- B. after early planning has been completed, but before work has begun
- C. throughout the work stages, based on risks and exposure
- D. only after all risks and exposures have been identified and the IS auditor has recommended appropriate control

Answer: A

Explanation:

It is extremely important that the project be planned properly and that the specific phases and deliverables be identified during the early stages of the project.

NEW QUESTION 400

CORRECT TEXT - (Topic 4)

Which of the following is an advantage of prototyping?

- A. The finished system normally has strong internal control
- B. Prototype systems can provide significant time and cost saving
- C. Change control is often less complicated with prototype system
- D. it ensures that functions or extras are not added to the intended system

Answer: B

NEW QUESTION 404

- (Topic 4)

A decision support system (DSS):

- A. is aimed at solving highly structured problem
- B. combines the use of models with nontraditional data access and retrieval function
- C. emphasizes flexibility in the decision making approach of user
- D. supports only structured decision making task

Answer: C

Explanation:

DSS emphasizes flexibility in the decision making approach of users. It is aimed at solving less structured problems, combines the use of models and analytic techniques with traditional data access and retrieval functions, and supports semistructured decision making tasks.

NEW QUESTION 405

- (Topic 4)

An advantage of using sanitized live transactions in test data is that:

- A. all transaction types will be included
- B. every error condition is likely to be tested
- C. no special routines are required to assess the result
- D. test transactions are representative of live processing

Answer: D

Explanation:

Test data will be representative of live processing; however, it is unlikely that all transaction types or error conditions will be tested in this way.

NEW QUESTION 409

- (Topic 4)

Which of the following is the PRIMARY purpose for conducting parallel testing?

- A. To determine if the system is cost-effective
- B. To enable comprehensive unit and system testing
- C. To highlight errors in the program interfaces with files
- D. To ensure the new system meets user requirements

Answer: D

Explanation:

The purpose of parallel testing is to ensure that the implementation of a new system will meet user requirements. Parallel testing may show that the old system is, in fact, better than the new system, but this is not the primary reason. Unit and system testing are completed before parallel testing. Program interfaces with files are tested for errors during system testing.

NEW QUESTION 411

- (Topic 4)

The use of object-oriented design and development techniques would MOST likely:

- A. facilitate the ability to reuse module
- B. improve system performanc
- C. enhance control effectiveness
- D. speed up the system development life cycl

Answer: A

Explanation:

One of the major benefits of object-oriented design and development is the ability to reuse modules. The other options do not normally benefit from the object-oriented technique.

NEW QUESTION 414

- (Topic 4)

Which of the following should be included in a feasibility study for a project to implement an EDI process?

- A. The encryption algorithm format
- B. The detailed internal control procedures
- C. The necessary communication protocols
- D. The proposed trusted third-party agreement

Answer: C

Explanation:

Encryption algorithms, third-party agreements and internal control procedures are too detailed for this phase. They would only be outlined and any cost or performance implications shown. The communications protocols must be included, as there may be significant cost implications if new hardware and software are involved, and risk implications if the technology is new to the organization.

NEW QUESTION 416

- (Topic 4)

When a new system is to be implemented within a short time frame, it is MOST important to:

- A. finish writing user manual
- B. perform user acceptance testin
- C. add last-minute enhancements to functionalitie
- D. ensure that the code has been documented and reviewe

Answer: B

Explanation:

It would be most important to complete the user acceptance testing to ensure that the system to be implemented is working correctly. The completion of the user manuals is similar to the performance of code reviews. If time is tight, the last thing one would want to do is add another enhancement, as it would be necessary to freeze the code and complete the testing, then make any other changes as future enhancements. It would be appropriate to have the code documented and reviewed, but unless the acceptance testing is completed, there is no guarantee that the system will work correctly and meet user requirements.

NEW QUESTION 418

- (Topic 4)

A company has contracted with an external consulting firm to implement a commercial financial system to replace its existing system developed in-house. In reviewing the proposed development approach, which of the following would be of GREATEST concern?

- A. Acceptance testing is to be managed by user
- B. A quality plan is not part of the contracted deliverable
- C. Not all business functions will be available on initial implementation
- D. Prototyping is being used to confirm that the system meets business requirement

Answer: B

Explanation:

A quality plan is an essential element of all projects. It is critical that the contracted supplier be required to produce such a plan. The quality plan for the proposed development contract should be comprehensive and encompass all phases of the development and include which business functions will be included and when. Acceptance is normally managed by the user area, since they must be satisfied that the new system will meet their requirements. If the system is large, a phased-in approach to implementing the application is a reasonable approach. Prototyping is a valid method of ensuring that the system will meet business requirements.

NEW QUESTION 420

- (Topic 4)

Which of the following systems or tools can recognize that a credit card transaction is more likely to have resulted from a stolen credit card than from the holder of the credit card?

- A. Intrusion detection systems
- B. Data mining techniques
- C. Firewalls
- D. Packet filtering routers

Answer: B

Explanation:

Data mining is a technique used to detect trends or patterns of transactions or data. If the historical pattern of charges against a credit card account is changed, then it is a flag that the transaction may have resulted from a fraudulent use of the card.

NEW QUESTION 422

- (Topic 4)

Functionality is a characteristic associated with evaluating the quality of software products throughout their life cycle, and is BEST described as the set of attributes that bear on the:

- A. existence of a set of functions and their specified properties
- B. ability of the software to be transferred from one environment to another
- C. capability of software to maintain its level of performance under stated condition
- D. relationship between the performance of the software and the amount of resources used

Answer: A

Explanation:

Functionality is the set of attributes that bears on the existence of a set of functions and their specified properties. The functions are those that satisfy stated or implied needs. Choice B refers to portability, choice C refers to reliability and choice D refers to efficiency.

NEW QUESTION 425

- (Topic 4)

During the development of an application, the quality assurance testing and user acceptance testing were combined. The MAJOR concern for an IS auditor reviewing the project is that there will be:

- A. increased maintenance
- B. improper documentation of testing
- C. inadequate functional testing
- D. delays in problem resolution

Answer: C

Explanation:

The major risk of combining quality assurance testing and user acceptance testing is that functional testing may be inadequate. Choices A, B and D are not as important.

NEW QUESTION 427

- (Topic 4)

An IS auditor reviewing a proposed application software acquisition should ensure that the:

- A. operating system (OS) being used is compatible with the existing hardware platform
- B. planned OS updates have been scheduled to minimize negative impacts on company need
- C. OS has the latest versions and updates
- D. products are compatible with the current or planned OS

Answer: D

Explanation:

Choices A, B and C are incorrect because none of them are related to the area being audited. In reviewing the proposed application the auditor should ensure that the products to be purchased are compatible with the current or planned OS. Regarding choice A, if the OS is currently being used, it is compatible with the existing hardware platform, because if it is not it would not operate properly. In choice B, the planned OS updates should be scheduled to minimize negative impacts on the organization. For choice C, the installed OS should be equipped with the most recent versions and updates (with sufficient history and stability).

NEW QUESTION 432

- (Topic 4)

By evaluating application development projects against the capability maturity model (CMM), an IS auditor should be able to verify that:

- A. reliable products are guaranteed
- B. programmers' efficiency is improved
- C. security requirements are designed
- D. predictable software processes are followed

Answer: D

Explanation:

By evaluating the organization's development projects against the CMM, an IS auditor determines whether the development organization follows a stable, predictable software process. Although the likelihood of success should increase as the software processes mature toward the optimizing level, mature processes do not guarantee a reliable product. CMM does not evaluate technical processes such as programming nor does it evaluate security requirements or other application controls.

NEW QUESTION 435

- (Topic 4)

During the review of a web-based software development project, an IS auditor realizes that coding standards are not enforced and code reviews are rarely carried out. This will MOST likely increase the likelihood of a successful:

- A. buffer overflo
- B. brute force attac
- C. distributed denial-of-service attac
- D. war dialing attac

Answer: A

Explanation:

Poorly written code, especially in web-based applications, is often exploited by hackers using buffer overflow techniques. A brute force attack is used to crack passwords. A distributed denial-of-service attack floods its target with numerous packets, to prevent it from responding to legitimate requests. War dialing uses modem-scanning tools to hack PBXs.

NEW QUESTION 438

- (Topic 4)

Which of the following would be the MOST cost-effective recommendation for reducing the number of defects encountered during software development projects?

- A. increase the time allocated for system testing
- B. implement formal software inspections
- C. increase the development staff
- D. Require the sign-off of all project deliverables

Answer: B

Explanation:

Inspections of code and design are a proven software quality technique. An advantage of this approach is that defects are identified before they propagate through the development life cycle. This reduces the cost of correction as less rework is involved. Allowing more time for testing may discover more defects; however, little is revealed as to why the quality problems are occurring and the cost of the extra testing, and the cost of rectifying the defects found will be greater than if they had been discovered earlier in the development process. The ability of the development staff can have a bearing on the quality of what is produced; however, replacing staff can be expensive and disruptive, and the presence of a competent staff cannot guarantee quality in the absence of effective quality management processes. Sign-off of deliverables may help detect defects if signatories are diligent about reviewing deliverable content; however, this is difficult to enforce. Deliverable reviews normally do not go down to the same level of detail as software inspections.

NEW QUESTION 439

- (Topic 4)

Which of the following is a prevalent risk in the development of end-user computing (EUC) applications?

- A. Applications may not be subject to testing and IT general controls
- B. increased development and maintenance costs
- C. increased application development time
- D. Decision-making may be impaired due to diminished responsiveness to requests for information

Answer: A

Explanation:

End-user developed applications may not be subjected to an independent outside review by systems analysts and frequently are not created in the context of a formal development methodology. These applications may lack appropriate standards, controls, quality assurance procedures, and documentation. A risk of end-user applications is that management may rely on them as much as traditional applications. End-user computing (EUC) systems typically result in reduced application development and maintenance costs, and a reduced development cycle time. EUC systems normally increase flexibility and responsiveness to management's information requests.

NEW QUESTION 441

- (Topic 4)

The MAJOR advantage of a component-based development approach is the:

- A. ability to manage an unrestricted variety of data type
- B. provision for modeling complex relationship
- C. capacity to meet the demands of a changing environmen
- D. support of multiple development environment

Answer: D

Explanation:

Components written in one language can interact with components written in other languages or running on other machines, which can increase the speed of development. Software developers can then focus on business logic. The other choices are not the most significant advantages of a component-based development approach.

NEW QUESTION 446

- (Topic 4)

An IS auditor finds that user acceptance testing of a new system is being repeatedly interrupted as defect fixes are implemented by developers. Which of the following would be the BEST recommendation for an IS auditor to make?

- A. Consider feasibility of a separate user acceptance environment
- B. Schedule user testing to occur at a given time each day
- C. implement a source code version control tool
- D. Only retest high priority defects

Answer: A

Explanation:

A separate environment or environments is normally necessary for testing to be efficient and effective, and to ensure the integrity of production code, it is important that the development and testing code base be separate. When defects are identified they can be fixed in the development environment, without interrupting testing, before being migrated in a controlled manner to the test environment. A separate test environment can also be used as the final staging area from which code is migrated to production. This enforces a separation between development and production code. The logistics of setting up and refreshing customized test data is easier if a separate environment is maintained. If developers and testers are sharing the same environment, they have to work effectively at separate times of the day. It is unlikely that this would provide optimum productivity. Use of a source code control tool is a good practice, but it does not properly mitigate the lack of an appropriate testing environment. Even low priority fixes run the risk of introducing unintended results when combined with the rest of the system code. To prevent this, regular regression testing covering all code changes should occur. A separate test environment makes the logistics of regression testing easier to manage.

NEW QUESTION 448

- (Topic 4)

At the end of the testing phase of software development, an IS auditor observes that an intermittent software error has not been corrected. No action has been taken to resolve the error. The IS auditor should:

- A. report the error as a finding and leave further exploration to the auditee's discretion
- B. attempt to resolve the error
- C. recommend that problem resolution be escalated
- D. ignore the error, as it is not possible to get objective evidence for the software error

Answer: C

Explanation:

When an IS auditor observes such conditions, it is best to fully apprise the auditee and suggest that further problem resolutions be attempted. Recording it as a minor error and leaving it to the auditee's discretion would be inappropriate, and neglecting the error would indicate that the auditor has not taken steps to further probe the issue to its logical end.

NEW QUESTION 452

- (Topic 4)

Which of the following system and data conversion strategies provides the GREATEST redundancy?

- A. Direct cutover
- B. Pilot study
- C. Phased approach
- D. Parallel run

Answer: D

Explanation:

Parallel runs are the safest-though the most expensive-approach, because both the old and new systems are run, thus incurring what might appear to be double costs. Direct cutover is actually quite risky, since it does not provide for a 'shake down period' nor does it provide an easy fallback option. Both a pilot study and a phased approach are performed incrementally, making rollback procedures difficult to execute.

NEW QUESTION 455

- (Topic 4)

When two or more systems are integrated, input/output controls must be reviewed by an IS auditor in the:

- A. systems receiving the output of other system
- B. systems sending output to other system
- C. systems sending and receiving data
- D. interfaces between the two system

Answer: C

Explanation:

Both of the systems must be reviewed for input/output controls, since the output for one system is the input for the other.

NEW QUESTION 460

- (Topic 4)

A company has recently upgraded its purchase system to incorporate EDI transmissions. Which of the following controls should be implemented in the EDI interface to provide for efficient data mapping?

- A. Key verification
- B. One-for-one checking
- C. Manual recalculations
- D. Functional acknowledgements

Answer: D

Explanation:

Acting as an audit trail for EDI transactions, functional acknowledgements are one of the main controls used in data mapping. All the other choices are manual input controls, whereas data mapping deals with automatic integration of data in the receiving company.

NEW QUESTION 463

- (Topic 4)

When transmitting a payment instruction, which of the following will help verify that the instruction was not duplicated?

- A. Use of a cryptographic hashing algorithm
- B. Enciphering the message digest
- C. Deciphering the message digest
- D. A sequence number and time stamp

Answer: D

Explanation:

When transmitting data, a sequence number and/or time stamp built into the message to make it unique can be checked by the recipient to ensure that the message was not intercepted and replayed. This is known as replay protection, and could be used to verify that a payment instruction was not duplicated. Use of a cryptographic hashing algorithm against the entire message helps achieve data integrity. Enciphering the message digest using the sender's private key, which signs the sender's digital signature to the document, helps in authenticating the transaction. When the message is deciphered by the receiver using the sender's public key, it ensures that the message could only have come from the sender. This process of sender authentication achieves nonrepudiation.

NEW QUESTION 468

- (Topic 4)

When reviewing input controls, an IS auditor observes that, in accordance with corporate policy, procedures allow supervisory override of data validation edits. The IS auditor should:

- A. not be concerned since there may be other compensating controls to mitigate the risk
- B. ensure that overrides are automatically logged and subject to review
- C. verify whether all such overrides are referred to senior management for approval
- D. recommend that overrides not be permitted

Answer: B

Explanation:

If input procedures allow overrides of data validation and editing, automatic logging should occur. A management individual who did not initiate the override should review this log. An IS auditor should not assume that compensating controls exist. As long as the overrides are policy-compliant, there is no need for senior management approval or a blanket prohibition.

NEW QUESTION 469

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