Chartered Valuers Association of India

ISA (3.0) Module 1

Q1

Which type of evidence is usually not conclusive because it is not from an independent source?

a) Analytical procedures

b) Inquiries of the Client

c) Recalculation

d) External confirmations

Q2

What is one of the responsibilities of the IS Auditor when utilizing external service providers according to ISACA standards?

a) Delegating all professional liability to the external provider

b) Communicating audit objectives, scope and methodology through a formal engagement letter

c) Relying solely on external service providers' reports without review

d) Avoiding the use of external experts altogether

Q3

What is the primary focus of an IS Auditor when reviewing an IS environment?

a) To review the financial statements of the organization

b) To ensure that the organization's IT infrastructure is up to date

c) To review the risk assessment, mitigation controls, and residual risk acceptance

d) To manage the organization's IT projects

Q4

While posting a message on FACEBOOK, if a user posts the same message again, FACEBOOK gives a warning. The warning indicates which control?

a) Limit Check

b) Dependency Check

c) Range Check

d) Duplicate Check

Q5

Which type of documentation is considered conclusive evidence in an IS audit?

a) Confirmation letter

b) Control self-assessment

c) Trend and ratio analysis

d) Auditor's judgment

Q6

Why is the planning phase crucial for the success of an Information Systems (IS) audit?

a) Because it reduces the need for resources.

b) Because it ensures the audit is completed quickly.

c) Because audit risks in IS audits are significantly impacted by inherent risks.

d) Because it allows auditors to exclude areas that are difficult to audit.

Q7

Which statement is true regarding the reproduction of this publication material from The Institute of Chartered Accountants of India?

a) It can be reproduced freely without any permission.

b) It can be reproduced with oral consent from the publisher.

c) It can be reproduced with prior written permission from the publisher.

d) It cannot be reproduced for any reason.

Q8

Which of the following best describes the role of access controls in application security?

a) They ensure that only complete, accurate, and valid data is entered into the system.

b) They prevent unauthorized access to applications, application data during communication, stored application data, and resources shared with other processes.

c) They mainly focus on the design of data entry screens and source documents.

d) They protect only the operating system and database management system from unauthorized access.

Q9

What is the nature of IT risk in an organization?

a) IT risk is an isolated factor with no impact on the overall business.

b) IT risk is the event where technology can independently flourish without human intervention.

c) IT risk is an event that impacts the organization's goals and strategy negatively by exploiting vulnerabilities.

d) IT risk refers to the societal risk posed by technology automation displacing jobs.

Q10

What is the primary purpose of compliance testing in the context of information systems audit?

a) To generate high volumes of data for processing

b) To gather evidence for testing an organization's compliance with control procedures

c) To create dispersed sources of input for distributed processing

d) To ensure programs have different versions in the production library

Q11

Which of the following principles is mainly concerned with maintaining the confidentiality, integrity, and availability of information within an auditee environment?

a) Principles of quality

b) Principles of security (CIA)

c) ITAF – 3rd edition

d) Understanding the organization structure

Q12

What are some key internal controls an IS Auditor should evaluate in an ATM system?

a) Ensuring only authorized individuals access the system.

b) Reviewing exception reports for all attempts to exceed limits.

c) Ensuring ATM liability coverage is in place for machines.

d) All of the above.

Q13

Which of the following tasks are crucial for an IS Auditor when managing audit documentation?

a) Ensuring that evidence is sufficient, reliable, relevant, and useful.

b) Ignoring unauthorized access to evidence gathered.

c) Documenting only the final audit opinion.

d) Disposing of evidence immediately after audit completion.

Q14

What measures should be in place to ensure the processing of valid transactions is not delayed by invalid transactions in a file?

a) Report all errors immediately to halt all transactions until resolved.

b) Prioritize valid transactions while reporting errors for invalid ones promptly.

c) Automatically ignore invalid transactions to prioritize speed.

d) Process transactions in batches without differentiation.

Q15

Which of the following best describes 'Effectiveness' in the context of quality principles?

a) It relates to minimizing the time, money, and resources used in a process.

b) It is a measure of whether the objectives of a process, service, or activity have been achieved.

c) It refers to the cost of achieving maximum outputs with minimum inputs.

d) It involves evaluating the quality of resources utilized in service delivery.

Q16

Which of the following is NOT a procedure used by IS audit and assurance professionals to obtain evidence as per ISACA ITAF 1205.1?

a) Inquiry and confirmation

b) Re-performance

c) Test of compliance

d) Analytical procedures

Q17

What is a primary risk associated with non-compliance to security policies regarding environmental conditions?

a) Theft/Misuse of assets

b) System crash due to temperature and humidity

c) Software malfunction

d) Unauthorized data access

Q18

Which of the following best describes the concept of 'materiality' with respect to financial statements and auditing?

a) Materiality refers to the size of the audit sample taken during the audit process.

b) Materiality is the threshold at which a misstatement becomes significant enough to impact the decision of the users of the financial statement.

c) Materiality is the overall accuracy of the financial statements determined by the auditor.

d) Materiality is a measure of the auditor's independence from the financial entity being audited.

Q19

Under the Information Technology Act 2000 (Amended in 2008), which section mandates the audit of documents maintained in electronic form?

a) Section 7A

b) Section 43A

c) Section 66C

d) Section 69B

Q20

What is one key element that banks must verify according to RBI's NEFT guidelines?

a) The speed of the transaction

b) Authorization of a payment instruction

c) The currency type used

d) The network bandwidth availability

Q21

Which aspect of organizational structure is crucial for effective cyber fraud management?

a) Defined roles and responsibilities.

b) Strict hierarchical reporting.

c) Outsourcing all IT services.

d) Centralized decision-making.

Q22

Which of the following elements is crucial in establishing the effectiveness of an IS audit function within an organization?

a) Grading of IS audit staff

b) Auditee rights

c) Independent quality reviews

d) Assignment performance appraisals

Q23

In the context of IS Audit, what constitutes Inherent Risk (IR)?

a) The susceptibility of information resources to unauthorized modification.

b) The risk of detection error due to inadequate sample size.

c) The risk related to the effectiveness of internal controls.

d) The probability of an audit failing to identify fraud.

Q24

When preparing for an audit of a business engaged in e-commerce, what special steps or approach should an auditor consider compared to a traditional business?

a) Focus exclusively on financial statements.

b) Emphasize the review of electronic records and system controls.

c) Increase reliance on external confirmations.

d) Ignore technology-based risks.

Q25

What is the primary purpose of using Enterprise Resource Planning (ERP) systems in organizations?

a) To process payrolls for employees.

b) To manage resources optimally and maximize economy, efficiency, and effectiveness.

c) To manage legal matters.

d) To support customer relationship management.

Q26

What is a key characteristic of a ratio scale in risk rating models?

a) It includes categories with no inherent order.

b) It has a 'true zero,' allowing for greater measurability.

c) It requires detailed annual review of all controls.

d) It is uniform across all organizations without need for customization.

Q27

Which principle ensures that an IS Auditor does not disclose information acquired during an audit unless legally or professionally required?

a) Integrity

b) Objectivity

c) Confidentiality

d) Competence

Q28

Which of the following applications of AI focuses on disciplines such as biology, psychology, and mathematics?

a) Cognitive Science

b) Robotics

c) Speech Recognition

d) Visual Perception

Q29

According to ISACA guidelines, what factors should be considered in the risk assessment process for planning IS audit activities?

a) Only the current IT infrastructure and its vulnerabilities.

b) Organizational strategic plans, enterprise risk management framework, and objectives.

c) Past audit findings and their resolutions.

d) The budget allocated for the IS audit team.

Q30

Why is it important for Information System Auditors to adapt and be innovative in the context of the digital revolution?

a) To maintain traditional business methods unaffected by digital changes.

b) To improve control environments and strengthen IT risk governance.

c) To secure all existing data without focusing on technological adaptations.

d) To eliminate all existing software and hardware in use.

Answers

1.	B	6.	C	11.	B	16.	C	21.	A	26.	B
2.	B	7.	C	12.	D	17.	B	22.	C	27.	C
3.	C	8.	B	13.	A	18.	B	23.	A	28.	A
4.	D	9.	C	14.	B	19.	A	24.	B	29.	B
5.	A	10.	B	15.	B	20.	B	25.	B	30.	B