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SUGGESTED SOLUTION

INTERMEDIATE N'18 EXAM

SUBJECT- EIS AND S.M.

Test Code - PIN 5026

(Date :)

ANSWER-1

(a) Cyber Crime: Cyber-crime also known as Computer Crime are crimes that involve use of a computer and a network. It is defined as the offences that are committed against individuals or groups of individuals with a criminal motive to intentionally harm the reputation of the victim or cause physical or mental harm, or loss, to the victim directly or indirectly, using modern telecommunication networks such as Internet (Chat rooms, emails, notice boards and groups) and mobile phones. Committing of a fraud by manipulation of the input, output or throughput of a computer based system; Computer forgery which involves changing images or data stored in computers; Deliberate damage caused to computer data or programs through virus programs or logic bombs; Unauthorized access to computers by hacking into systems or stealing passwords; and unauthorized reproduction of computer programs or software piracy are some examples of Cybercrimes.

(b) Web Portal: This shall provide the interface through which an individual / organization shall perform e-commerce transactions. Web Portal is the application through which user interacts with the e-commerce vendor. The front end through which user interacts for an e-commerce transaction. These web portals can be accessed through desktops / laptops / PDA / hand- held computing devices / mobiles and now through smart TVs also.

(c) Business Intelligence (BI): Business Intelligence (BI) is a technology-driven process for analyzing data and presenting actionable information to help corporate executives, business managers and other end users make more informed business decisions. BI encompasses a wide variety of tools, applications and methodologies that enable organizations to collect data from internal systems and external sources, prepare it for analysis, develop and run queries against the data, and create reports, dashboards and data visualizations to make the analytical results available to corporate decision makers as well as operational workers.

The potential benefits of business intelligence programs include accelerating and improving decision making; optimizing internal business processes; increasing operational efficiency; driving new revenues; and gaining competitive advantages over business rivals. BI systems can also help companies identify market trends and spot business problems that need to be addressed.

(d) Repeater: A repeater regenerates the signal over the same network before the signal becomes too weak or corrupted to extend the length to which the signal can be transmitted over the same network. They do no amplify the signals, however, when the signal becomes weak, they copy the signal bit by bit and regenerate it at the original strength.

(e) Supporting Processes: These are the processes that back core processes and functions within an organization. Examples of supporting or management processes include Accounting, Human Resource (HR) Management and workplace safety. The main HR Process Areas are grouped into logical functional areas like Recruitment and Staffing; Goal Setting; Training and Development; Compensation and Benefits; Performance Management; Career Development and Leadership Development.

ANSWER-2

ANSWER-A

SA 315 explains the five components of any internal control as they relate to a financial statement audit. The five components are as follows:
- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring of Controls

I. Control Environment

The **Control Environment** is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal control, including expected standards of conduct.

The control environment is manifested in management's operating style, the ways authority and responsibility are assigned, the functional method of the audit committee, the methods used to plan and monitor performance and so on.

II.Risk Assessment

Every entity faces a variety of risks from external and internal resources. **Risk**may be defined as the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment involves process for identifying and assessing risks to the achievement of objectives. Risks to the achievement of these objectives from across the entity are considered relative to established risk tolerances.

III. Control Activities

Control Activitiesare the actions established through policies and procedures that help ensure achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventive or detective in nature and may encompass a range of manual and automated activities.

Control includes,

Segregation of Duties (SOD)is the process of assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets. Segregation of duties is intended to reduce errors or fraud in the normal course of the person's duties.

General Controlsinclude controls over information technology management, information technology infrastructure, security management and software acquisition, development and maintenance.

Application Controls are designed to ensure completeness, accuracy, authorization and validity of data capture and transaction processing.

IV. Information & Communication

Informationis necessary for the entity to carry out internal control responsibilities in support of the achievement of its objectives. Management obtains and uses relevant and quality information from both internal and external sources to support the functioning of other components of internal control.

Communication is the continues process of providing, sharing, and obtaining necessary information.

It contains elements which inform and communicate to users on timely basis.

V. Monitoring of Controls

Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control present and functioning. Findings are evaluated against management's criteria and deficiencies are communicated to management and the board of directors as appropriate.

ANSWER-B

- XBRL (extensible Business Reporting Language)is a freely available and global standard for exchanging business information.
- XBRL is used by Government, companies, regulators, Accountants and Investors.
- One use of XBRL is to define and exchange financial information, such as a financial statement.
- XBRL provides a language in which reporting terms can be used to uniquely represent the contents of financial statements or other kinds of compliance, performance and business reports. XBRL let's reporting information move between organizations rapidly, accurately and digitally.
- XBRL makes reporting more accurate and more efficient.

Important features of XBRL

•**Clear Definitions:** XBRL allows the creation of reusable, authoritative definitions, called taxonomies that capture the meaning contained in all the reporting terms used in a business report, as well as the relationships between all of the terms.

• **Testable Business Rules:** XBRL allows the creation of business rules that constrain what can be reported. Business rules can be logical or mathematical, or both and can be used, for example, these business rules can be used to:

o stop poor quality information being sent to a regulator or third party, by being run by the preparer while the report is in draft.

o flagging or highlighting questionable information, allowing prompt follow up, correction or explanation.

o create ratios, aggregations and other kinds of value-added information, based on the fundamental data provided.

- **Multi-lingual Support:** XBRL allows concept definitions to be prepared in as many languages as necessary. Translations of definitions can also be added by third parties. This means that it's possible to display a range of reports in a different language to the one that they were prepared in, without any additional work.

- **Strong Software Support:** XBRL is supported by a very wide range of software from vendors large and small, allowing a very wide range of stakeholders to work with the standard.

ANSWER-3

ANSWER-A

Data Processing controls:

- **Run-to-run Totals:** These help in verifying data that is subject to process through different stages. For ex: If the current balance of an invoice ledger is 150,000 and the additional invoices for the period total 20,000 then the total sales value should be 170,000. A specific record probably the last record can be used to maintain the control total.

- **Reasonableness Verification:** Two or more fields can be compared and cross verified to ensure their correctness. For example, the statutory percentage of provident fund can be calculated on the gross pay amount to verify if the provident fund contribution deducted is accurate.

- **Edit Checks:** Edit checks similar to the data validation controls can also be used at the processing stage to verify accuracy and completeness of data.

- **Field Initialization:** Fields are only added to a record after initializing it, i.e. setting all values to zero/blank before inserting the information. This is done to ensure that data overflow does not occur, if records are constantly added to a table.

- **Exception Reports:** Exception reports are generated to identify errors in the data processed. Such exception reports give the transaction code and what is the error in processing the transaction. For example, while processing a journal entry if only debit entry was updated and the credit entry was not updated due to the absence of one of the important fields, then the exception report would detail the transaction code, and why it was not updated in the database.

ANSWER-B

Definition: Intelligence, as defined in Chambers dictionary; "The ability to use memory, knowledge, experience, understanding, reasoning, imagination and judgment to solve problems and adapt to new situations". The ability described above when exhibited by machines is called as Artificial intelligence (AI). It is intelligence exhibited by machines. For example:

i. This technology is being is being used in autonomous vehicles, the goggle car.

ii. Apple online assistant SIRI is supposed to use it.

Risks:

1. AI relies heavily of data it gets. **Incorrect data** can lead to incorrect conclusions.

2. AI (robots) carries a **security threats**. Countries are discussing to have a KILL button in all AI capable machines. This is important otherwise someday machine may start controlling humans.

3. AI in long term may **kill human skills of thinking the unthinkable**. All data shall be processed in a structured manner, where machines shall provide solution based on their learning over a period of time. These machines shall not have capability of thinking out of box.

ANSWER-4

ANSWER-A

- **Prevent organizational costs of data Loss:** Data is a critical resource of an organization for Its present and future process and its ability to adapt and survive in a changing environment.
- **Prevent loss from incorrect decision making:** Management and operational controls taken by managers involve detection, investigations and correction of out-of-control processes. These high-level decisions require accurate data to make quality decision rules.
- **Prevent loss of Computer Hardware, Software and Personnel:** These are critical resources of an organization which has a credible impact on its infrastructure and business competitiveness.
- **Prevent from high costs of computer Error:** In a computerized enterprise environment where many critical business processes are performed a data error during entry or process would cause great damage.
- **Safeguard assets from un-authorized access:** The information system assets (hardware, software, data files etc.) must be protected by a system of internal controls from unauthorized access.
- **Ensure data integrity:** The importance to maintain integrity of data of ah organization depends on the value of information, the extent of access to the information and the value of data to the business from the perspective of the decision maker, competition and the market environment
- **System Effectiveness Objectives:** Effectiveness of a system is evaluated by auditing the characteristics and objective of the system to meet substantial user requirements.
- **System Efficiency Objectives:** To optimize the use of various information system resources (machine time, peripherals, system software and labour) along with the impact on its computing environment.

ANSWER-B

The deployment and implementation of CBS should be controlled at various stages to ensure that banks automation objectives are achieved:

- **Planning:** Planning for implementing the CBS should be done as per strategic and business objectives of bank.
- **Approval:** The decision to implement CBS requires high investment and recurring costs and will impact how banking services are provided by the bank. Hence, the decision must be approved by the board of directors.
- **Selection:** Although there are multiple vendors of CBS, each solution has key differentiators. Hence, bank should select the right solution considering various parameters as defined by the bank to meet their specific requirements and business objectives.
- **Design and develop or procured:** CBS solutions used to be earlier developed in-house by the bank. Currently, most of the CBS deployment is procured. There should be appropriate controls covering the design or development or procurement of CBS for the bank.
- **Testing:** Extensive testing must be done before the CBS is live. The testing is to be done at different phases at procurement stage to test suitability to data migration to ensure all existing data is correctly migrated and testing to confirm processing of various types of transactions of all modules produces the correct results.
- **Implementation:** CBS must be implemented as per pre-defined and agreed plan with specific project milestones to ensure successful implementation.
- **Maintenance:** CBS must be maintained as required. E.g. program bugs fixed, version changes implemented, etc.
- **Support:** CBS must be supported to ensure that it is working effectively.
- **Updation:** CBS modules must be updated based on requirements of business processes, technology updates and regulatory requirements.
- **Audit:** Audit of CBS must be done internally and externally as required to ensure that controls are working as envisaged.

ANSWER-5

ANSWER-A

(a) Let us define the variables first:

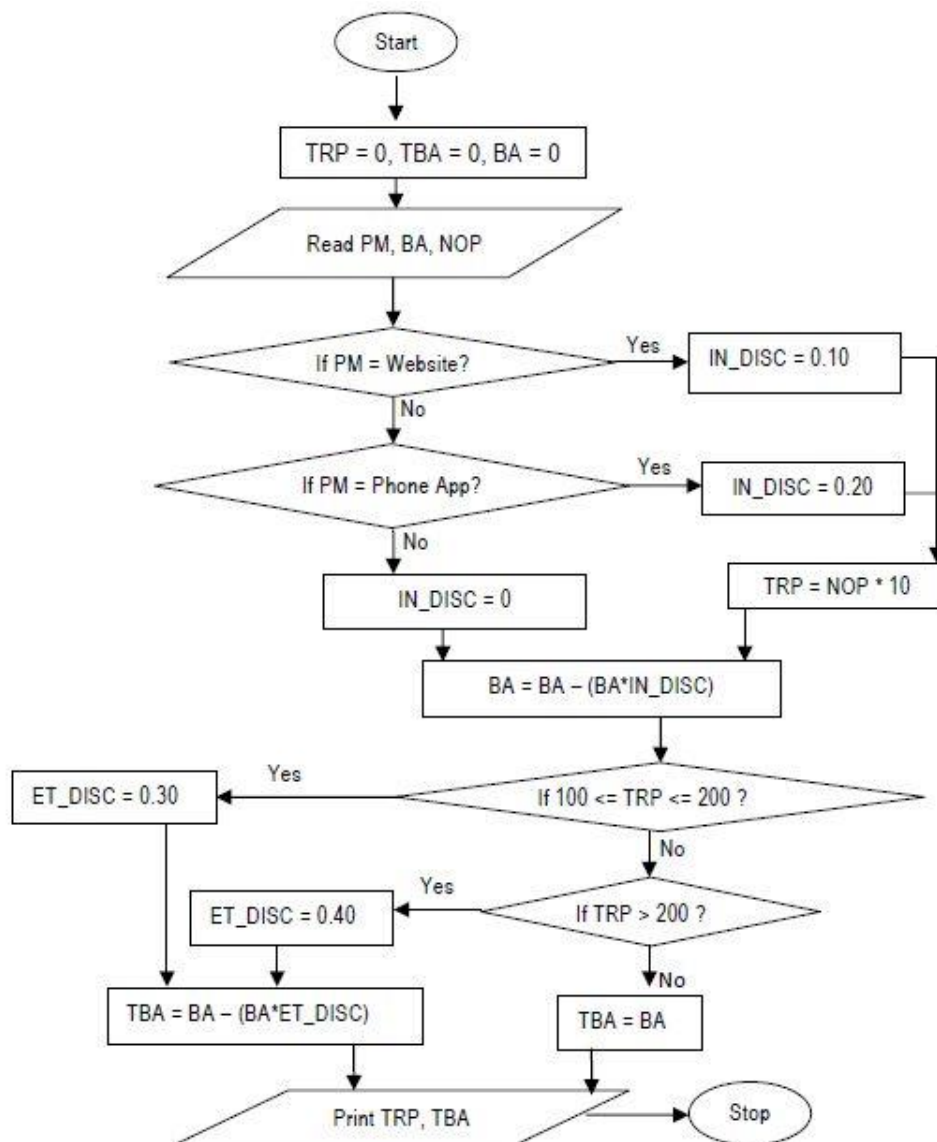**PM:** Purchase Mode   **BA:** Bill amount   **TBA:** Total Bill Amount

NOP: Number of Purchase   **TRP:** Total Reward Points   **IN_DISC:** Initial Discount

ET_DISC: Extra Discount on purchases eligible to Initial Discount

N: Counter (to track the number of purchases)

ANSWER-B

Some of the questions auditors should ask during an ERP audit are pretty much the same as those that should be asked during development and implementation of the system:

- Does the system process according to GAAP (Generally Accepted Accounting Principles) and GAAS (Generally Accepted Auditing Standards)?
- Does it meet the needs for reporting, whether regulatory or organizational?
- Were adequate user requirements developed through meaningful interaction?
- Does the system protect confidentiality and integrity of information assets?
- Does it have controls to process only authentic, valid, accurate transactions?
- Are effective system operations and support functions provided?

- Are all system resources protected from unauthorized access and use?
- Are user privileges based on what is called "role-based access?"
- Is there an ERP system administrator with clearly defined responsibilities?
- Is the functionality acceptable? Are user requirements met? Are users happy?
- Have workarounds or manual steps been required to meet business needs?
- Are there adequate audit trails and monitoring of user activities?
- Can the system provide management with suitable performance data?
- Are users trained? Do they have complete and current documentation?
- Is there a problem-escalation process?

ANSWER-6

ANSWER-A

- **Meaning**: It refers to recording or logging of activities at the operating system, network, application software, user & database levels.
- **Example**: Application logs contain details of who initiated a transaction, which authorized it, date & time and other related details etc.

Objectives of audit trail:

➢ **Detecting unauthorized Access:**
This detection can be either real time detection or after the fact detection. Real time detections are alerts configured to trigger even when unauthorized access is being attempted. These are very effective but require a lot of processing resources & monitoring mechanism.
Ex: An unauthorized user trying a user ID-Password wrong three times would be logged by the system.

➢ **Facilitate reconstruction of events:**
Logs keep track of events leading to system failures, security violation & processing errors. These logs help analyze the error condition & prevent future occurrence. Similarly logs help reconstruct account balances if the files are corrupted.

➢ **Fixing accountability:**
Using logs user's activity can be monitored & this acts as a deterrent against unauthorized access or policy violations by users.

ANSWER-B

Some key aspects in-built into architecture of a CBS are as follows:

- **Information flow:** Facilitates information flow within the bank and Improves the speed and accuracy of decision-making. It deploys systems that streamline integration and unite corporate information to create a comprehensive database.

- **Customer centric:** Through a holistic core banking architecture, enables banks to target customers with the right offers at the right time with the right channel to increase profitability.

- **Regulatory compliance:** It is facilitated by compliance module, it will regularly update regulatory platform that ensures regulatory compliance.

- **Resource optimization:** Optimizes utilization of information and resources of banks and lowers costs through improved asset reusability, faster turnaround times, faster processing and increased accuracy.

ANSWER-7

(a) **A strategic vision** delineates organization's aspirations for the business, providing **a panoramic view of the position where the organization is going**. A strategic vision points an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity.

A Strategic vision is **a roadmap of a company's future** – providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of company that management is trying to create.

(b) **In co-generic merger** two or more merging organizations are associated in some way or the other related to the production processes, business markets, or basic required technologies. Such merger includes the extension of the product line or acquiring components that are required in the daily operations. It offers great opportunities to business to diversify around a common set of resources and strategic requirements.

(c) Merger is considered to be a process when two or more companies come together to expand their business operations. In such a case the deal gets finalized on friendly terms and both the organizations share profits in the newly created entity.

Conglomerate merger happens in case of organizations that are unrelated to each other combine together. There are no linkages with respect to customer groups, customer functions and technologies being used. There are no important common factors between the organizations in production, marketing, research and development and technology. In practice, however, there is some degree of overlap in one or more of these factors.

(d) Competitive advantage is the position of a firm to maintain and sustain a favorable market position when compared to the competitors. Competitive advantage is ability to offer buyers something different and thereby providing more value for the money. It is the result of a successful strategy. This position gets translated into higher market share, higher profits when compared to those that are obtained by

competitors operating in the same industry. Competitive advantage may also be in the form of low cost relationship in the industry or being unique in the industry along dimensions that are widely valued by the customers in particular and the society at large.

(e) **A core competencies a unique strength** of an organization which may not be shared by others. It is defined as a combination of skills and techniques rather than individual skill or separate technique. Core competencies are those capabilities that are critical to a business achieving competitive advantage. In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses.

ANSWER-8

(a) **Correct:** The human resource manager has a significant role to play in developing core competency of the firm. A core competence is a unique strength of an organization which may not be shared by others. Core-competencies can be generated and maintained only through the effective management of human resources and their skills.

(b) **Incorrect:** Marketing function and production function complement each other. They need to work in tandem to produce goods as per the needs and preferences of the customers. Marketing links the production with the customers.

(c) **Correct:** Consonance refers to the need for strategists to examine sets of trends, as well as individual trends, in auditing strategies. A strategy must represent an adaptive response to the external environment and to the critical changes occurring within it. One difficulty in matching a firm's key internal and external factors in the formulation of strategy is that most trends are the result of interactions among other trends.

(d) **Incorrect:** Strategic management applies equally to profit as well as non-profit organizations. Similar to commercial organizations, 'not-for-profit' organizations must also have strategies, purpose, vision and mission also. Strategic Management is required to give direction, focus and lead to efficient utilization of resources. In many 'not-for-profit' organizations surpluses are important for their survival and growth.

(e) **Correct:** Economies of scale leads to decline in the per-unit cost of production (or other activity) as volume grows. A large firm that enjoys economies of scale can produce high volumes of goods at successively lower costs. This tends to discourage new entrants.

ANSWER-9

ANSWER-A

Importance of Strategic Management: Strategic Management is very important for the survival and growth of business organizations in dynamic business environment. Other major benefits of strategic management are as follows:

• Strategic management helps organizations to be more proactive rather than reactive in dealing with its future. It facilitates to work within vagaries of environment and remains adaptable with the turbulence or uncertain future. Therefore, they are able to

control their own destiny in a better way.

- It provides better guidance to entire organization on the crucial point – what it is trying to do. Also provides framework for all major business decisions of an enterprise such a decision on businesses, products, markets, organization structures, etc.

- It facilitates to prepare the organization to face the future and act as pathfinder to various business opportunities. Organizations are able to identify the available opportunities and identify ways and means as how to reach them.

- It serves as a corporate defence mechanism against mistakes and pitfalls. It helps organizations to avoid costly mistakes in product market choices or investments.

Over a period of time strategic management helps organization to evolve certain core competencies and competitive advantages that assist in the fight for survival and growth.

ANSWER-B

The management of internal linkages in the value chain could create competitive advantage in a number of ways:

- There may be important linkages between the primary activities. For example, a decision to hold high levels of finished stock might ease production scheduling problems and provide for a faster response time to the customer. However, an assessment needs to be made whether the value added to the customer by this faster response through holding stocks is greater than the added cost.

- It is easy to miss this issue of managing linkages between primary activities in an analysis if, for example, the organization's competences in marketing activities and operations are assessed separately. The operations may look good because they are geared to high-volume, low-variety, low-unit-cost production. However, at the same time, the marketing team may be selling speed, flexibility and variety to the customers. So competence in separate activities need to be compatible.

- The management of the linkages between a primary activity and a support activity may be the basis of a core competence. It may be key investments in systems or infrastructure which provides the basis on which the company outperforms competition. Computer-based systems have been exploited in many different types of service organization and have fundamentally transformed the customer experience.

- Linkages between different support activities may also be the basis of core competences. For example, the extent to which human resource development is in tune with new technologies has been a key feature in the implementation of new production and office technologies. Many companies have failed to become competent in managing this linkage properly and have lost out competitively.

ANSWER-10

ANSWER-A

Strategic uncertainty, which has far reaching implications, is a key construct in strategy formulation. A typical external analysis will emerge with dozens of strategic uncertainties. To be manageable, they need to be grouped into logical clusters or themes. It is then useful to assess the importance of each cluster in order to set priorities with respect to Information gathering and analysis.

Sometimes, strategic uncertainty is represented by a future trend or event that has inherent unpredictability. Information gathering and additional analysis will not be able to reduce the uncertainty. In that case, scenario analysis can be employed. Scenario analysis basically accepts the uncertainty as given and uses it to drive a description of two or more future scenarios. Strategies are then developed for each. One outcome could be a decision to create organizational and strategic flexibility so that as the business context changes the strategy will adapt.

Each element of strategic uncertainty involves potential trends or events that could have an impact on present, proposed, and even potential businesses. For example, a trend toward natural foods may present opportunities for juices for a firm producing aerated drinks on the basis of a strategic uncertainty. The impact of a strategic uncertainty will depend on the importance of the impacted SBU to a firm. Some SBUs are more important than others. The importance of established SBUs may be indicated by their associated sales, profits, or costs. However, such measures might need to be supplemented for potential growth as present sales, profits, or costs may not reflect the true value.

ANSWER-B

A successful focus strategy depends on an industry segment that is of sufficient size, has good growth potential, and is not crucial to the success of other major competitors. Strategies such as market penetration and market development offer substantial focusing advantages. Midsize and large firms can effectively pursue focus- based strategies only in conjunction with differentiation or cost leadership-based strategies. All firms in essence follow a differentiated strategy. Because only one firm can differentiate itself with the lowest cost, the remaining firms in the industry must find other ways to differentiate their products.

Focus strategies are most effective when consumers have distinctive preferences or requirements and when rival firms are not attempting to specialize in the same target segment. Risks of pursuing a focus strategy include the possibility that numerous competitors will recognize the successful focus strategy and copy it, or that consumer preferences will drift toward the product attributes desired by the market as a whole. An organization using a focus strategy may concentrate on a particular group of customers, geographic markets, or on particular product-line segments in order to serve a well-defined but narrow market better than competitors who serve a broader market.

Focused cost leadership: A focused cost leadership strategy requires competing based on price to target a narrow market. A firm that follows this strategy does not necessarily charge the lowest prices in the industry. Instead, it charges low prices relative to other firms that compete within the target market. Firms that compete based on price and target a narrow market are following a focused cost leadership strategy.

Focused differentiation: A focused differentiation strategy requires offering unique features that fulfill the demands of a narrow market. As with a focused low-cost strategy, narrow markets are defined in different ways in different settings. Some firms using a focused differentiation strategy concentrate their efforts on a particular sales channel, such as selling over the internet only. Others target particular demographic groups. Firms that compete based on uniqueness and target a narrow market are following a focused differentiations strategy. For example, Rolls-Royce sells limited number of high-end, custom-built cars.

ANSWER-11

ANSWER-A

It is true that evaluating the worth of a business is central to strategy implementation. There are circumstances where it is important to evaluate the actual worth of the business. These circumstances can be wide and varied. At a higher level they may include acquisition, mergers or diversification. They may also include other situations such as fixing of share price in an issue. Acquisition, merger, retrenchment may require establishing the financial worth or cash value of a business to successfully implement such strategies.

Various methods for determining a business's worth can be grouped into three main approaches.

(i)   **Net worth or stockholders' equity:** Net worth is the total assets minus total outside liabilities of an individual or a company.

(ii)   **Future benefits to owners through net profits:** These benefits are considered to be much greater than the amount of profits. A conservative rule of thumb is to establish a business's worth as five times the firm's current annual profit. A five-year average profit level could also be used.

(iii) **Market-determined business worth:** This, in turn, involves three methods. First, the firm's worth may be based on the selling price of a similar company. The second approach is called the price-earnings ratio method whereby the market price of the firm's equity shares is divided by the annual earnings per share and multiplied by the firm's average net income for the preceding years. The third approach can be called the outstanding shares method whereby one has to simply multiply the number of shares outstanding by the market price per share and add a premium.

 ANSWER-B

 Davis and Lawrence have proposed three distinct phases:

1.   Cross-functional task forces: Temporary cross-functional task forces are initially used when a new product line is being introduced. A project manager is in charge as the key horizontal link.

2.   Product/brand management: If the cross-functional task forces become more permanent, the project manager becomes a product or brand manager and a second phase begins. In this arrangement, function is still the primary organizational structure, but product or brand managers act as the integrators of semi permanent products or brands.

3.   Mature matrix: The third and final phase of matrix development involves a true dual-authority structure. Both the functional and product structures are permanent. All employees are connected to both a vertical functional superior and a horizontal product manager. Functional and product managers have equal authority and must work well together to resolve disagreements over resources and priorities.

However, the matrix structure is not very popular because of difficulties in implementation and trouble in managing.

ANSWER-12

ANSWER-A

The audit of management performance with regard to its strategies helps an organization identify problem areas and correct the strategic approaches that have not been effective so far. An assessment of the external environment shows where changes happen and where organization's strategic management no longer match the demands of the marketplace. Based on such analysis, the organization can improve business performance by periodically conducting such an audit.

Companies review their business plans and strategies on regular basis to identify weaknesses and shortcomings to enable a successful development plan. The strategy audit secures that all necessary information for the development of the company are included in the business plan and that the management supports it.

The core of Strategy Audit, for any corporate entity, lies on two important questions:

♦   How well is the current strategy working?
♦   How well will the current strategy be working in future?
♦   How can this be evaluated in present and future?
♦   How urgent is there a need to change the strategy?

For this, a periodic review and evaluation of the fundamental characteristics of a strategy are necessary.

A strategy audit is an examination and evaluation of areas affected by the operation of a strategic management process within an organization. A strategy audit provides an excellent platform for discussion with the top management regarding necessary corporate actions or changes in the existing business plan. It also identifies the need to adjust the existing business strategies and plans.

ANSWER-B

Strategic Control focuses on the dual questions of whether: (1) the strategy is being implemented as planned; and (2) the results produced by the strategy are those intended.

There are four types of strategic control:

•   Premise control: A strategy is formed on the basis of certain assumptions or premises about the environment. Premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built.

- Strategic surveillance: Strategic surveillance is unfocussed. It involves general monitoring of various sources of information to uncover unanticipated information having a bearing on the organizational strategy.

- Special alert control: At times unexpected events may force organizations to reconsider their strategy. Sudden changes in government, natural calamities, unexpected merger/acquisition by competitors, industrial disasters and other such events may trigger an immediate and intense review of strategy.

- Implementation control: Managers implement strategy by converting major plans into concrete, sequential actions that form incremental steps. Implementation control is directed towards assessing the need for changes in the overall strategy in light of unfolding events and results.