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SUGGESTED SOLUTION

INTERMEDIATE M'19 EXAM

SUBJECT- EIS

Test Code – CIM 8176

BRANCH - () (Date :)

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ANSWER-1

1. B
2. A
3. B
4. D
5. B
6. A
7. C
8. C
9. C
10. B

ANSWER-2

ANSWER-A

- It is a system which provides accurate, timely and meaningful data to managers for decision making.

- MIS systems automatically collect data from various areas within a business. These systems can produce daily reports that can be sent to key members throughout the organization.

- Most MIS systems can also generate on-demand reports. On-demand MIS reports allow managers and other users of the system to generate an MIS report whenever they need it.

- It provides various types of sales reports i.e. month wise, quarter wise etc.

- It is user friendly system.

Benefits / criteria of MIS

- Relevant - MIS reports need to be specific to the business area they address. This is important because a report that includes unnecessary information might be ignored.

- Timely – It provides information to the manager as and when it is required by him. An example of timely information for your report might be customer phone calls and emails going back 12 months from the current date.

- Accurate – It should provide accurate information to the manager. Managers and others who rely on MIS reports can't make sound decisions with information that is wrong. Financial information is often required to be accurate to the decimal. In other cases, it may be OK to round off numbers.

- Structured - Information in an MIS report can be complicated. Making that information easy to follow helps management understand what the report is

saying. Try to break long passages of information into more readable blocks or chunks and give these chunks meaningful headings.

(5 MARKS)

ANSWER-B

Software which is used to perform a specific task is called as an Application Software. It helps users to solve real life problem such as banking, stock trading etc. (1 MARK)

The different types of application software are:

- **Application Suite**: Has multiple applications bundled together. Related functions, features and user interfaces interact with each other. E.g. MS Office 2010 which has MSWord, MS Excel, MS Access, etc.
- **Enterprise Software**: This type of software helps to manage enterprise's resources in an integrated manner. E.g. ERP Applications like SAP.
- **Enterprise Infrastructure Software**: Provides capabilities required to support enterprise software systems. E.g.: email servers, Security software.
- **Information Worker Software**: Addresses individual needs required to manage and create information. E.g. Spreadsheets, CAAT (Computer Assisted Audit Tools), etc.
- **Content Access Software**: Used to access and publish the digital and multimedia content. E.g. Media Players, Adobe Digital etc.
- **Educational Software**: Holds contents adopted for use by students. E.g. Examination Test CDs
- **Media Development Software**: Addresses individual needs to generate and print electronic media for others to consume. E.g. Desktop Publishing, Video Editing etc.

(4 MARKS)

ANSWER-3

ANSWER-A

Once the complete business is captured by technology and processes are automated in CBS, the Data Centre (DC) of the bank, and customers, management and staff are completely dependent on the DC. From a risk assessment and coverage point of view, it is critical to ensure that the Bank can impart advanced training to its permanent staff in the core areas of technology for effective and efficient technology management.

- **Ownership of Data/ process**: Since the entire data resides at the Data Centre, any authorized user may access any data sometimes beyond their access rights. Hence it is required to establish clear ownership.
- **Authentication procedure**: This may be inadequate and hence user entering the transaction may not be identifiable. Hence photo or ID and password required to be provided by the individual and it has to be verified with photo, ID & password stored in

database server to check its authenticity.

- **Authorization process:** Once he is proved authenticated, level of access right provided to every user has to be verified to check up to what extent he is authorized to access.
- **Several software interfaces across diverse networks:** A Data Centre can have as many as 75-100 different interface and application software.
- **Maintaining response time:** Maintaining the interfacing software and ensuring optimum response time and up time can be challenging.
- **User Identity Management:** This could be a serious issue. Some Banks may have more than 5000 users interacting with the CBS at once.
- **Access Controls:** Designing and monitoring access control is an extremely challenging task.
- **Incident handling procedures:** These may not be adequate considering the need for real-time risk management.

(5 MARKS)

ANSWER-B

- **Cache Memory:** (1 MARK)
 - Cache can be used in order to **bridge the speed differences** between Registers and Primary memory (RAM).
 - It is a **smaller, faster memory**, which stores copies of the data from the most frequently used main memory locations so that Processor / Registers can access it more rapidly than it's access from main memory.
- (i) **Random Access Memory (RAM):** (1 MARK)
- This is **Read Write memory**.
 - Information can be **read as well as modified** (i.e. write).
 - **Volatile in nature** means Information is lost as soon as power is turned off.
 - RAM is an **expandable memory** i.e. we can expand the size of RAM.
- (ii) **Read Only Memory (ROM):** (1 MARK)
- This is **non-volatile** in nature (content remains even in absence of power).
 - Information **can be read, not modified**.
 - Generally used by manufacturers to store data & Programmes like startup program and configuration of computer.
 - ROM is provided by manufacturer on motherboard and generally it is **not expandable** memory.
- C. **Virtual Memory:**

- Virtual Memory is not an actual Memory, it's an **imaginary memory**. It is a memory technique which helps to execute big size programs with small size available RAM.
- If a computer lacks the RAM needed to run a Program or operation, Windows uses virtual memory to compensate.
- Virtual memory combines computer's RAM with **temporary space on the hard disk**. When RAM runs low, virtual memory moves data from RAM to a space called a paging file or segmentation on hard disk.
- Moving data to and from the paging file frees up RAM to complete its work.
- Thus, Virtual memory is an **allocation of hard disk space** to help RAM.

(2 MARKS)

ANSWER-4

ANSWER-A

This module is the most important module of the overall ERP System and **it connects all the modules to each other**. Every module is somehow connected with module.

Following are the key features of this module:

- **Tracking of flow of financial data** across the organization in a controlled manner and integrating all the information for effective strategic decision making.
- **Creation of Organizational Structure** (Defining Company, Company Codes, business Areas, Functional Areas, Credit Control, Assignment of Company Codes to Credit Controls).
- **Financial Accounting Global Settings** (Maintenance of Fiscal Year, Posting Periods, defining Document types, posting keys, Number ranges for documents).
- **General Ledger Accounting** (Creation of Chart of Accounts, Account groups, defining data transfer rules, creation of General Ledger Account).
- **Tax Configuration** & Creation and Maintenance of House of Banks.
- **Account Payables** (Creation of Vendor Master data and vendor-related finance attributes like account groups and payment terms).
- **Account Receivables** (Creation of Customer Master data and customer- related finance attributes like account groups and payment terms).
- **Asset Accounting**.
- **Integration** with Sales and Distribution and Materials Management.

(5 MARKS)

ANSWER-B

Placement :

The first stage involves the **Placement of proceeds derived from illegal activities** - the movement of proceeds, frequently currency, from the scene of the crime to a place, or into a form, less suspicious and more convenient for the criminal.

(2 MARKS)

Layering :

- **Layering** involves the separation of proceeds from illegal source using complex transactions, through several banks involved in transfer of money between different accounts in different accounts in different names in different countries, designed to obscure the audit trail and hide the proceeds.
- The criminals frequently use shell corporations, offshore banks or countries with loose regulation and secrecy laws for this purpose.
- It **changes the form of money i.e. from black money to white money** by purchasing the assets by utilizing black money such as boats, houses, cars, diamonds etc.

(2 MARKS)

Integration :

- **Integration** involves conversion of illegal proceeds into apparently legitimate business earnings through normal financial or commercial operations.
- For e.g. false invoices for goods exported, domestic loan against a foreign deposit, purchasing of property.

(1 MARK)

ANSWER-5

ANSWER-A

Detective controls: Are designed to detect errors, omissions or malicious acts that occur and report the occurrence.

- Ex: Hash totals, CCTV, Review of Audit logs, BRS.

Characteristics of Detective Controls

- Clear understanding of lawful activities so that anything which deviates from these is reported as unlawful, malicious, etc.
- An established mechanism to refer the reported unlawful activities to the appropriate person or group
- Interaction with the preventive control to prevent such acts from occurring

Corrective controls

- Are designed to **reduce the impact or correct an error** once it has been detected.
- Ex: Cleaning a file detected to contain virus, data backups, stand by server, failover networks etc. (Business continuity plan)

(3.5 MARKS)

Characteristics of Corrective Controls

(1.5 MARKS)

- Minimize the impact of the threat
- Correct error arising from a problem

- Feedback from preventive and detective controls
- Modify the processing systems to minimize future occurrences of the problem.

ANSWER-B

- An ERP system is a **multi module software system** that integrates all **business process and functions** of the entire Enterprise into a single software system, using a single integrated database. Each module is intended to collect, process and store data of a **functional area** of the organization and to integrate with related processes.
- An ERP system is based on a **common database and a modular software design**. The common database can allow every department of a business to **store and retrieve information in real-time**.

(1.5 MARKS)

Advantages of an ERP System

(2 MARKS)

- Ability to **customize** an organization's requirements;
- **Integrate** business operations with accounting and financial reporting functions;
- Increased **data security** and application controls;
- Build **strong access** and **segregation of duties** controls;
- **Automate** many manual processes thus eliminating errors;
- Process huge volumes of data within short time frames; and
- Strong **reporting capabilities** which aids management and other stakeholders in appropriate decision making.

Features of an Ideal ERP System :

(1.5 MARKS)

- It should **cater all types of needs** of an organization.
- It should **provide right data at right point of time** to right users for their purpose.
- It should be **flexible** enough to adapt to changes in the organization.
- It must have **single database** and contains all data for various software modules to perform all the functions of organization to achieve goals and objectives.