

ICAI MCQS COMPILATION

SET-D (PAPER-4)

“DIGITAL ECOSYSTEM AND CONTROLS”

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ICAI STUDY MATERIAL MCQS

CHAPTER 1

CONCEPTS OF GOVERNANCE AND IT STRATEGY

No.	Description	Options	Correct
1	Which of the following domains of COBIT 5 covers areas such as operational delivery and support of IT services, including security within the IT system?	a) Align, Plan and Organize b) Build, Acquire and Implement c) Deliver, Service and Support d) Monitor, Evaluate and Assess	c
2	Which of the following domains of COBIT 5 addresses the overall organization, strategy and supporting IT related activities within the IT system?	a) Align, Plan and Organize b) Build, Acquire and Implement c) Deliver, Service and Support d) Monitor, Evaluate and Assess	a
3	A governance system typically refers to all the means and mechanisms that will enable _____ in an enterprise to have an organized mechanism to satisfy specific enterprise objectives	a) Multiple stakeholders b) Several processes c) Intrinsic goals d) Numerous products	a
4	Which of the following IT processes contained in the Deliver, Service and Support domain of COBIT manages the operations?	a) DSS02 b) DSS03 c) DSS94 d) DSS01	d
5	COBIT is a framework for the _____ and _____ of information and technology aimed at the whole enterprise	a) governance, management b) support, services c) monitoring, management d) governance, support	a

CHAPTER 2

GOVERNANCE, RISK, AND COMPLIANCE (GRC) FRAMEWORK

6	The objective of Internal Control is to enable an organization to manage its challenges or disruptions seamlessly. Identify which of the following is not an objective of Internal Control	a) Compliance with applicable laws and regulations b) Meeting sales targets c) Reliability of internal and external financial reporting d) Effectiveness and efficiency of	b
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		operations	
7	When DXN Ltd. decided to adopt automation to support its critical business processes, it exposed itself to a number of risks. One risk that the automated process could lead to breakdown in internal processes, people and systems is a type of ____	a) Operational Risk b) Financial Risk c) Strategic Risk d) Compliance Risk	a
8	A huge oil spilled from an oil well run by ABC Petroleum, one of largest oil companies in world, and resulted in an assessed environmental damage of about USD 20 Billion. The company expended an amount of USD 2 Billion on promotional ads informing the world that it is an environment friendly company. The promotional advertisements were done to prevent the company from _____ damage	a) Strategic b) Operational c) Financial d) Reputational	d
9	Risk Management enables an organization in various manner except one. Choose the correct answer	a) to evaluate all risks at enterprise level b) monitor mitigation action c) measure and manage the risk d) organizing the risk	d
10	Mr. X has set up his new business of manufacturing color pens. He is well known about various kinds of risks involved in his business; however, he unintentionally violated some industry regulations while setting up his business. Which category of the risk does this refer to?	a) Strategic b) Financial c) Compliance d) Operational	c

CHAPTER 3 ENTERPRISE RISK MANAGEMENT FRAMEWORK

11	Enterprise Risk Management (ERM) framework consists of interrelated components that are used to identify events that are relevant to organization's objective. Identify which of the following is not a component of ERM Framework	a) Internal environment b) Organization chart c) Objective setting d) Event identification	b
12	Mr. Anil is working with XYZ Company that is under the process of adopting Enterprise Resource Management (ERM) framework. He prepared a list of policies and procedures that need to be established and executed to ensure that the risk responses that management selected are effectively carried out. Which component of ERM is referred here during this activity?	a) Risk Assessment b) Control Activities c) Information and Communication d) Monitoring	d
13	In COSO ERM Cube, are the policies and procedures that are established and executed to help ensure that the risk responses that management selected are effectively carried out	a) Control Activities b) Risk Management c) Risk Response d) Objective Setting	a

14	Following are the benefits to integrate ERM throughout the organization. Choose the odd one out	a) increase positive outcomes and reduce negative surprises b) reduce performance variability and maximize disruption c) improve resource deployment and enhance resource allocation d) enhance enterprise resilience, not only to survive but allocation	b
15	Which of the following “Principles for Performance” provides the composite view of risks that an organization faces relative to business objectives?	a) Implementation of Risk Responses b) Development of Portfolio view c) Prioritization of Risk d) Formulation of Business Objective	b

CHAPTER 4 ENTERPRISE RISK MANAGEMENT FRAMEWORK

16	An Information Security policy addresses many issues that may involve the following: (i) confidentiality, integrity and availability concerns (ii) who may access what information and in what manner based on which access decision is made (iii) maximized sharing versus least privilege and separation of duties (iv) programming new systems, maintaining old systems and providing general support software.	Choose the correct combination of issues addressed under IS Policy. a) (i), (ii), (iii) b) (i), (ii), (iv) c) (ii), (iii), (iv) d) (i), (ii), (iii), (iv)	a
17	Following are the components of Information System Security except one. Identify	a) Firewall b) Mainframe c) Application Domain d) Personal Data	d
18	In Information System Infrastructure _____ provides space for networking hardware, servers, and data centers	a) Facilities b) Software c) Hardware d) Communication	a
19	The CIA triad for a typical IT infrastructure of an organization comprises of	a) Confidentiality, Integrity, Availability b) Comprise, Integrity, Association c) Confidentiality, Important, Availability d) Comprise, Integrity, Availability	a
20	Which Information System Security Policy of sets out the responsibilities and requirements for all IT system users?	a) Acceptable Usage Policy b) User Security Policy c) Network & system Security Policy d) Information Classification Policy	b

CHAPTER 5 BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY PLANNING

21	ABC Ltd. carries out Fire drills in its company every 6 months whereby a fire like situation is simulated and the preparedness of the organization and its personnel for facing disaster is verified. Under Business Continuity	a) Emergency Plan b) Test Plan c) Back-up Plan d) Recovery Plan	b
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	Management, which type of plan does this refer to?		
22	Which of the following documents is not classified as being part of the Business Continuity Management System?	a) The Risk Assessment Report b) Incident Log c) Local Authority Risk Register d) Performance Analysis Report	d
23	Which of the following does not form part of the Business Continuity Management (BCM) cycle?	a) Information Collection b) Development and Implementation c) Testing and Review d) Recruiting	d
24	Which of the following statements is incorrect?	a) A Full Backup captures all files on the disk or within the folder selected for backup b) The Mirror backup is clean and does not contain old and obsolete files c) With differential backups, one full backup is done first and subsequent backup runs are the changes made since the last full backup d) Incremental Backup consumes the most storage space as compared to full and differential backups	d
25	ABC Ltd. has installed the LHM Backup system whereby the data is backed up almost every second from the live environment to the backup drive. Which type of back-up ABC Ltd. has implemented?	a) Full Backup b) Incremental Backup c) Differential Backup d) Mirror backup	d

CHAPTER 6 SYSTEM DEVELOPMENT LIFE CYCLE (SDLC)

26	Which of the following phase of the System Development Life Cycle (SDLC) involves the determination of user needs of the Proposed System?	a) System Analysis b) System Planning c) System Designing d) System Implementation	a
27	The following are definitions of various Feasibility Study used in System Development Life Cycle. I. Is the solution viable financially? II. Does the project provide Return on Investment? III. How will the solution work? IV. Is the solution permissible? The term used for various dimensions of feasibility study is given below: A. Legal Feasibility B. Operational Feasibility C. Economic Feasibility D. Financial Feasibility	Choose the correct option from the following that determine the correct match: a) I-D, II-C, III-B, IV-A b) I-C, II-B, III-A, IV-D c) I-C, II-D, III-B, IV-A d) I-A, II-C, III-D, IV-B	a
28	In an organization, as most of the Information Systems require some modification after development, the System Maintenance phase becomes one of the important aspects of SDLC. There are different categories of Maintenance	a) Scheduled Maintenance is planned to ensure operational continuity and avoidance of anticipated risks b) Rescue Maintenance deals with undetected malfunctions that require	c

	which are Scheduled, Adaptive, Corrective, Rescue, Preventive and Perfective. Which of the following statements is not correct about these categories of Maintenance?	<p>immediate troubleshooting solution</p> <p>c) Adaptive Maintenance mainly deals with accommodating to the new or changed user requirements and concerns functional enhancements to the system</p> <p>d) Corrective Maintenance deals with fixing bugs in the code or defects found during the executions</p>	
29	ABC Ltd. is proposing to introduce the Fitness awareness amongst its employees by gifting FitBit gadget to all employees and then given targets for personal fitness. The Management wants to evaluate the Feasibility of this initiative. Which dimension is tested here?	<p>a) Technical Feasibility</p> <p>b) Economic Feasibility</p> <p>c) Operational Feasibility</p> <p>d) Behavioral Feasibility</p>	b
30	<p>Following are the different types of testing done during System Testing phase of Systems Development Life Cycle (SDLC)</p> <p>A. Regression Testing</p> <p>B. Integration Testing</p> <p>C. System Testing</p> <p>D. Unit Testing</p> <p>The activities carried out under these Testing types are mentioned below:</p> <p>(i) An activity of software testing in which individual software modules are combined and tested as a group.</p> <p>(ii) A process in which software and other system elements are tested as a whole.</p> <p>(iii) Ensures that changes or corrections in the software have not introduced new faults.</p> <p>(iv) To test if individual units of source code are fit for use.</p>	<p>a) (A) - (i), (B) - (ii), (C) - (iii), (D) - (iv)</p> <p>b) (A) - (iii), (B) - (i), (C) - (ii), (D) - (iv)</p> <p>c) (A) - (i), (B) - (iv), (C) - (ii), (D) - (iii)</p> <p>d) (A) - (iv), (B) - (ii), (C) - (i), (D) - (iii)</p>	b

CHAPTER 7

SYSTEM ACQUISITION AND DEVELOPMENT METHODOLOGIES

31	Which of the following is true about the Spiral Model?	<p>a) It combines features of the prototyping model and waterfall model</p> <p>b) It combines features of the prototyping model and RAD model</p> <p>c) It combines features of the waterfall model and RAD model</p> <p>d) It is intended for small and simple projects</p>	a
32	During System Acquisition in SDLC, the top management of an enterprise should establish acquisition standards that address the security and reliability issues as per current state-of the art development standards. Which of the following is not considered while focusing on acquisition standards?	<p>a) Ensuring security, reliability, and functionality already built into a product</p> <p>b) Ensuring managers' complete reviews of appropriate vendor, contract and licensing</p> <p>c) Request for proposals soliciting bids when acquiring off-the-shelf or third-party software</p>	d

		d) To select the programming techniques and languages to be used for systems development	
33	Softtech, a software development company, has clients in many fields like pharmaceuticals, educational institutes, health industry, etc. The company follows an approach to develop the software by releasing multiple versions, wherein the product is decomposed into the number of components and each component is delivered to client on its completion. Identify the System development approach adopted by Softtech.	a) The Waterfall Model b) The Prototyping Model c) The Spiral Mode d) The Incremental Model	d
34	Amongst various System Development Methodologies, a software development model that combines iterative and incremental methods is _____	a) Spiral b) Agile c) Prototype d) Rapid Application Development (RAD)	b
35	Which of the following is not a strength of the RAD model?	a) Possibility of quick initial review b) Constant integration isolates problems and encourages customer feedback c) Provides the ability to rapidly change system design as demanded by users d) Enhances the risk avoidance	d

CHAPTER 8

INFORMATION SYSTEMS' CONTROL AND ITS CLASSIFICATION

36	Identify from the following controls of Information System that deals with framing of high-level IT policies, procedures, and standards on a holistic view	a) Management Controls b) Environmental Controls c) Access Controls d) Physical Controls	a
37	Mr. Amit is an auditor of a company XYZ Ltd. While evaluating controls over ERP systems, he had to audit the controls which were administered through the computer center/computer operations group and the built-in operating system controls. Which of the following controls are referred to here?	a) Environmental Controls b) Application controls c) Management Controls d) Audit Controls	a
38	Mr. Y used duplicate keys to enter the prohibited area zone of JKH Ltd. company and stole some important documents of the company. Which of the following controls do you think has been compromised to make such an incident happen?	a) Environmental Control b) Physical Access Control c) Network Access Control d) Logical Access Control	b
39	Output Controls are responsible to ensure that the data delivered to users will be presented, formatted, and delivered in a consistent and secured manner. Which of the following activity does not fall under the purview of Output Control?	a) Spooling b) Report Distribution Control c) Asset Safeguarding d) Control over printing	c
40	The Quality Assurance Management controls involve various functions that ensure that the	a) Auditors might use interviews, observations and reviews of	d

	development, implementation, operation and maintenance of information systems conform to quality standards. With such scope of the controls in mind, what do you think is not true about Quality Assurance Management Controls?	<p>documentation to evaluate how well Quality Assurance (QA) personnel perform their monitoring role</p> <p>b) Auditors might evaluate how well QA personnel make recommendations for improved standards or processes through interviews, observations, and reviews of documentation</p> <p>c) Auditors can evaluate how well QA personnel undertake the reporting function and training through interviews, observations, and reviews of documentation.</p> <p>d) Auditors check whether the organizations that have been audited have appropriate, high-quality disaster recovery plan in place or not</p>	
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CHAPTER 9

INFORMATION TECHNOLOGY TOOLS

41	An IS Auditor is using an audit tool that involves embedding audit software modules within a host application system to provide continuous monitoring of the system's transactions. Which audit tool does this refer to?	<p>a) Audit hooks</p> <p>b) System Control Audit Review File (SCARF)</p> <p>c) Integrated Test Facility (ITF)</p> <p>d) Continuous and Intermittent Simulation (CIS)</p>	b
42	In an organization ABC Ltd.; the adherence of policies, procedures and standards as defined by the management are required to be followed. An accountant Mr. X, due to enmity, misused his access rights and made changes in the credit points earned by the salesperson Mr. A on every sale of his customer. During the audit, the auditor Mr. B suspected this discrepancy and preferred to embed an audit software module into the accountant Mr. X's host application software to determine the frequency with which he had made the changes in the credit points of Mr. A. Which of the following audit tool is used by Mr. B in this case?	<p>a) Integrated Test Facility (ITF)</p> <p>b) System Control Audit Review File (SCARF)</p> <p>c) Snapshots</p> <p>d) Audit Hooks</p>	b
43	Which of the following is not an advantage of continuous assisted audit techniques?	<p>a) Evaluate the integrity of an application</p> <p>b) Timely, Comprehensive and Detailed Auditing</p> <p>c) Analyze aging of transaction files</p> <p>d) No need of prior knowledge and experience of working with CAAT</p>	d
44	An IS auditor used concurrent audit technique to check whether the accounting system of an organization restricting the cash payment in excess of ₹ 10,000/- or not by creation of dummy entity. Identify from the following concurrent audit techniques which will be useful in this case	<p>a) Use of System Control Audit Review File (SCARF)</p> <p>b) Use of Integrated Test Facility (ITF)</p> <p>c) Use of Continuous and Intermittent Simulation (CIS)</p> <p>d) Use of Snapshot</p>	b

45	Mr. Ankit an IS auditor of ABC Ltd., wants to collect evidence based on system user profiles. To perform this activity, he has collected data from log files. Which of the following audit technique is being used by the IS auditor to achieve this objective?	a) Continuous and intermittent Solution (CIS) b) Audit Hooks c) System Control Audit Review File (SCARF) d) Integrated Test Facility (ITF)	c
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CHAPTER 10 DIGITAL DATA AND PRIVACY

46	Mr. Neeraj is working on a project on the healthcare system where he has to perform data analysis on the database of patients of last five years in ABC Hospital. The hospital provided him inconsistent data with lots of errors, duplicate and missing values. He has to apply various techniques to get rid of these anomalies. Identify from the following process which he can use to get rid of these anomalies	a) Cleaning of data b) Selection of data c) Integration of data d) Data Visualization	a
47	The key provisions of IT related offences are for the smooth working of bank. In purview of same, what is the primary objective of SPI?	a) Protecting Computer Software b) Securing critical Information c) Sensitive Personal Information d) Identifying sensitive Information	c
48	Which of the following is not a type of Data Analytics technique?	a) Descriptive b) Deductive c) Predictive d) Prescriptive	b
49	What does the term "data security" encompass?	a) It is the protection of physical assets of an organization b) It provides tools and policies to restrict access to the data c) It is to ensure the integrity of data d) It is a guideline for how data should be collected or handled, based on its sensitivity and importance	c
50	ABC Corporative bank strictly follows the policy of Sensitive Personal Information. Choose the attribute that is not defined as Sensitive Personal Information	a) Home address b) Password c) Financial information d) Biometric information	a

CHAPTER 11 BUSINESS INTELLIGENCE

51	Which of the following chart shows the whole data into the propositions and is used to display various propositions that make up the final value?	a) Pie chart b) Doughnut chart c) Bar Chart d) Line Chart	b
52	_____ refers to the information required to enhance business decision-making activities	a) Data Analysis b) Charts c) Business Intelligence d) Machine Learning	c
53	Which of the following is not the usage of	a) Reduce business costs	d

	Business Intelligence tools?	b) Generation of automatic reports c) Compatibility d) Distributed data	
54	Following are the various phases involved in Business Intelligence Life Cycle (a) Create BI Project Structure (b) Analyze Business Requirements (c) Design Data Model (d) Design the Physical Schema (e) Build the Data warehouse Pick the correct sequence	a) (i), (ii), (iii), (iv), (v) b) (iv), (iii), (ii), (i), (v) c) (ii), (iii), (iv), (v), (i) d) (v), (iii), (ii), (i), (iv)	c
55	In which phase of Business Intelligence Life Cycle, metadata is created?	a) Design Data Model b) Building of data warehouse c) Creation of BI Project structure d) Development of BI Objects	c

CHAPTER 12 ABCD OF FINTECH

56	Ms. Komal, a technical product developer at FEGO Ltd. suggested the company manufacture a model of self-driving car based on image and text recognition. This is a good example of _____	a) Artificial Intelligence b) Expert System c) Cloud Computing d) Mobile Computing	a
57	Which of the following is not the service provided by Infrastructure as a Service (IaaS) model of Cloud Computing?	a) Load balancer b) Storage c) Network d) Application framework	d
58	Which of the following instances of Cloud Computing is being used by Amazon Web Service (AWS)?	a) Infrastructure as a Service b) Storage as a Service c) Network as a Service d) Software as a Service	a
59	Which of the following is not an advantage of Cloud Computing?	a) Improved flexibility b) Streamline business processes c) Interoperability d) Reduce Capital Costs	c
60	In Cloud Computing, which instance of Software as a Service (SaaS) allows users to explore functionality of Web services such as Google Maps, Payroll processing and Credit Card processing services, etc.?	a) Testing as a Service (TaaS) b) Communication as a Service (CaaS) c) Data as a Service (DaaS) d) API as a Service (APIaaS)	d

CHAPTER 13 EMERGING TECHNOLOGIES

61	Mr. X is buying clothes for his kids at Royal's Showroom. He makes payment using BHIM (Bharat Interface for Money) App which is an example of _____	a) UPI App b) Mobile Hardware c) Digital Library d) Mobile Wallet	a
62	An IoT network is a collection of _____ devices	a) Interconnected b) Machine to Machine	a

		c) Network to Network d) Sensor	
63	Which of the following statements are true, while using a credit card..... i. No immediate payment is required ii. linked with bank account of user iii. Cash flow is immediately impacted iv. Payment can be made on end of month Choose the correct option from following	a) i, ii b) iii, iv c) i, ii, iii d) i,iii,iv	a
64	Which of the following are not the disadvantages of e-business?	a) High start-up costs b) Cultural impediments to e-business c) Low barrier to entry d) Security concern	c
65	Which of the following is not true about mobile computing?	a) Enables the organization to improve effectiveness of management b) Improvise the transaction process c) Facilitate excellent communication and information accessibility d) Prevent the fraud transaction	d