PAN AFRICA CHRISTIAN UNIVERSITY

BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

END OF SEMESTER EXAMINATION

DEPARTMENT:	**COMPUTING AND INFORMATION TECHNOLOGY**
COURSE CODE:	**BIT403**
COURSE TITLE:	**ACCOUNTING INFORMATION SYSTEMS**
CAMPUS:	**ROYSAMBU**
EXAM DATE:	**XXXXX XXXXX/AUGUST,2020**
TIME:	**XXXXX**

INSTRUCTIONS

- This exam script has **TWO (2)** sections.
- Read all questions carefully before attempting.
- Answer All questions in Section **A** and any other Three questions in Section **B.**
- Write only your **student number** on the answer booklet provided.

SECTION A

(Answer ALL questions in this section)

Question 1:

a) Do you agree with the following statement: "Any one of the systems documentation technique can be used adequately document a given system". Justify your answer.

[2 Marks]

b) With reasons, describe the most appropriate document for the following:

i. Document that lists the components needed to manufacture a specific product.

[1 Mark]

ii. Document that authorize the removal of raw materials inventory from the storeroom to a factory location where it will be put into production. **[1 Mark]**

c) Recommend two controls that must be put in place to overcome the following weaknesses.

i. The inventory records are incorrectly undated when receiving-dock employee enters wrong product at the terminal. **[2 Marks]**

ii. Inventory records show that an adequate supply of copy paper should be in stock, but none is available on the supply shelf. **[2 Marks]**

What internal control procedure(s) would best prevent or detect the following problems?

a. A production order was initiated for a product that was already overstocked in the
company's warehouse

b. A production employee stole items of work-in-process inventory

c. The "rush-order" tag on a partially completed

production job became detached from
the materials and lost, resulting in a costly delay

d. A production employee entered a material requisition form into the system in order to
steal $300 worth of parts from the raw materials storeroom

e. A production worker entering job-time data on an online terminal mistakenly entered 3,000 instead of 300 in the "quantity-completed" field What internal control procedure(s) would best prevent or detect the following problems?

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company’s warehouse
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iii.A clerical employee obtains a blank check and writes a large amount payable to fictitious company. The employee then cashes the check. **[2 Marks]**

SECTION B

(Answer any THREE (3) questions in this section)

Question 2:

The following categories of people are recognized as users of the information contained in financial statements of a business enterprise. For each users of financial statement, identify the kind of information they may require and the decisions they make from that information.

i. Shareholder **[3 Marks]**

ii. Financial analysts **[3 Marks]**

iii. Lenders **[2 Marks]**

iv. Government **[2 Marks]**

Question 3:

According to the Value Chain Model (Porter, 1985), there are five primary activities and four support activities. Describe how accounting information systems can be used to perform these activities to increase firm's margin. **[10 Marks]**

Question 4:

Mineli (k) ltd intends to have a new and modern accounting information system in order to be efficient in processing of financial information. They have approached you to help them carry out systems analysis so as to determine the best options available.

i) Discuss any three techniques you will use in carrying out systems analysis. **[6 Marks]**

ii) Explain four qualities that the new system of Mineli (k) ltd should have. **[4 Marks]**

Question 5:

The Golf Club Company makes custom golf clubs. The manufacturing supervisor interviews people who have specialized manufacturing skills, and he informs payroll when an employee is hired. The employees use a time clock to record the hours they work. The employees are also required to keep a record of the time they spend working on each order. The supervisor approves all time cards.

The accountant analyzes the job tickets and prepares a labor distribution summary. Payroll prepares the payroll register and paychecks. The supervisor distributes the paychecks to the employees. Payroll informs cash disbursement of the funds required to cover the entire payroll amount. The cash disbursements clerk ensures that there are adequate funds in the company's regular checking account to cover the payroll.

Describe at least three internal control weaknesses; for each weakness suggest an improvement to internal control. **[10 Marks]**

Question 6:

John Doe has worked for the past month trying to document the major business information flows at MAS Co Ltd. Upon completing his personal interviews with cash receipts clerks, John asks you to develop a comprehensive DFD and document Flowchart for the cash receipt system. John's narrative of the system follows:

Customer payment includes cash received at the time of purchase and account payments received in the mail. At day's end, the treasurer endorses all checks and prepares a deposit slip at the local bank each day. When checked are received as payment for accounts due, a remittance slip is included with the payment. The remittance slips are used to update the accounts receivable file at the end of the day. The remittance slips are stored in a file drawer by data.

Every week a cash receipts report and an aged trial balance are generated from the data in the accounts receivable ledger. The cash receipts report is sent to the management. A copy of the aged trial balance by the customer account is sent to the credit and collections department.

Design a document flowchart to document the cash receipts system at MAS Co Ltd.

[10 Marks]

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