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,2021**
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) Audit evidence must be *reliable, sufficient and relevant*. Explain the meaning of these terms, assuming that you are addressing a group of people who have no accounting background. **[3 Marks]**

b) 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) AS an accountant of an organization,discuss why it necessary to initiatiate systems analysis. **[5 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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SECTION B

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

Question 2:

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

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

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

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

b) "Unlike systems that occur naturally, Accounting Information System, must be created." Give four qualities of a successful system and how each quality may be achieved. **[4 Marks]**

Question 3:

"it is difficult and tiresome to come up with an accounting information system".Describe how the use of cycles help in making sense of accounting applications,giving examples of such cycles. **[10 Marks]**

Question 4:

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

i. Customers **[3 Marks]**

ii. Creditors and lenders **[3 Marks]**

iii. Regulatory Agencies **[2 Marks]**

iv. Investors **[2 Marks]**

Question 5:

The XYZ Company makes manufacturing Soap. 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 three internal control weaknesses; for each weakness suggest an improvement to internal control. **[10 Marks]**

Question 6:

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]**

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