



FINAL EXAMINATION
MARCH 2024

COURSE TITLE	ACCOUNTING AND INFORMATION SYSTEMS
COURSE CODE	AACT3313
DATE/DAY	19 JUNE 2024 / WEDNESDAY
TIME/DURATION	09:00 AM - 12:00 PM / 03 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 4 Printed Pages including front page)

*****DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO*****

This question paper consists of FOUR (4) questions. Answer ALL questions in the answer booklet.

(100 MARKS)

QUESTION 1

(20 Marks)

- a) The manager who oversees the corporate fleet vehicles signed off on the purchase of 15 luxury vehicles to expand the company's fleet of cars. As soon as this was done, he instructed that the payment be made.
- b) At a newly opened local restaurant, waiters work six-hour shifts. There are three six-hour shifts per day, with each shift overlapping the next. The restaurant currently has two cash registers and these can be operated by any one of the waiters during a shift without them requiring any form of identification. The new manager has decided that the cash in the cash register box will be checked once every 24 hours, i.e., in the mornings before the new shift for the day begins.
- c) A company's financial clerk does a spot check of the account books and finds that there is a discrepancy between the balances of the bank account and the bank statement.
- d) In July of the previous year, the inventory clerk suspects that the warehouse inventory level is not being reflected accurately. When the year-end inventory was reviewed at the end of February of this year, his suspicions were confirmed.
- e) There was a spike in credit sales that was not picked up by the credit sales controller. When he was confronted by his line manager about it, he blamed the accounts receivable department for not identifying the issue earlier. The accounts receivable department denies that there was a spike in credit sales as their records do not indicate such a change.
- f) A new employee at a company identifies a discrepancy between the total debits and total credits after payroll entries were finalized.
- g) A client calls up a store to check the availability of a specific product at the store. The client is informed by the sales manager that he has checked their inventory system and the stock is available for the specific product. The customer visits the store, only to find that the product is no longer in stock. Upon querying the cashier, the client is again informed that the inventory system shows a relatively large quantity of the product stock being available. However, no one at the store is able to locate this stock.
- h) In order to speed up the processing of sales transactions, one person was made responsible both for the sales journal as well as the accounts receivable master file.
- i) The supervisor at a local hypermarket verifies the accuracy of the cash in the cash register box assigned to a retail clerk. Every so often an internal auditor verifies if the supervisor actually performed this check.
- j) The payroll clerk realizes that the time sheets and absence records of a specific department in the organization were not in line with company policy. The supervisor of this specific department has been on sick leave for the last two months.

Required:

Explain how independent performance evaluation procedures are either violated or effectively applied in each of the above situations. Identify the problem and suggest the internal controls required (or applied) to prevent the identified problem from occurring.

QUESTION 2

(18 Marks)

- a) The clerk who opens the mail routinely steals remittances and cheques.
- b) A customer payment of RM247 was correctly posted in the general ledger but was recorded as RM274 in the customer's account receivable.
- c) Goods are shipped to a customer, but the shipping department does not notify billing and the customer never receives an invoice.
- d) A clerk embezzles customer payments on account and covers up the theft by making an adjustment to the accounts receivable ledger.
- e) A credit sale is made to a customer, even though the customer's account is four months overdue.
- f) What specific internal control procedure would prevent a customer from being billed for all 50 items ordered although only 40 items were shipped?
- g) What specific internal control procedure would prevent the shipping clerk from taking goods from the storeroom and sending them to someone who had not placed an order?
- h) What specific internal control procedure would prevent an accounts receivable clerk from issuing a fictitious credit memo to a customer (who is also a relative) for goods that were "supposedly" returned from previous sales?
- i) What specific internal control procedure would detect the misplacement of a sales invoice after preparation and not mailed to the customer? The invoice was never found.

Required:

Explain a specific internal control procedure that would prevent or detect the above fraud. (Treat each situation from (a) until (i) independently).

QUESTION 3

(47 Marks)

The System Development Life Cycle (SDLC) in Accounting Information Systems (AIS) follows the same fundamental principles and stages as in general software development, but it is specifically tailored to meet the unique needs of financial and accounting processes. Implementing SDLC in AIS involves adapting each phase to handle the critical requirements of accuracy, compliance, security, and functionality that are pivotal in accounting environments.

Required:

- a) Discuss in detail the stages in systems development life cycle (SDLC). (15 marks)
- b) Describe roles of accountants in any phase of SDLC. (6 marks)
- c) What is prototyping? Why is it used in systems development? (4 marks)
- d) Discuss the appropriate steps to take when selecting a commercial software package. (4 marks)
- e) Discuss briefly the structured-design approach and object-oriented approach in the system design phase. (5 marks)
- f) Classify each of the following as either a one-time or recurring costs:
-Supplies costs
-initial programming and testing costs
-System design costs
-data conversion from old system to new system (4 marks)
- g) Discuss in details the cost-benefit analysis and feasibility study analysis under system evaluation phase. (9 marks)

QUESTION 4

(15 Marks)

- a) What do you understand by computer fraud? (3 marks)
- b) Discuss any computer fraud that could occur in the organization's accounting information systems. (6 marks)
- c) Discuss the appropriate steps to prevent and detect computer fraud. (6 marks)

***** END OF QUESTION PAPER*****