



FINAL EXAMINATION
NOVEMBER 2023

COURSE TITLE	ACCOUNTING AND INFORMATION SYSTEMS
COURSE CODE	AACT3313
DATE/DAY	14 FEBRUARY 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 5 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.

(90 MARKS)

QUESTION 1

(16 Marks)

COCOA Sdn Bhd is a manufacturer of agriculture equipment servicing the southern region of peninsular Malaysia. The management generally has been pleased with the overall operations of the company to date. However, the present procurement system has evolved through practice rather than having been formally designed. The management is of the opinion that the present procurement system is inadequate and needs revising to ensure the objectives of the procurement system are met. With the intention of understanding the current procurement system, the development team has analyzed and identified several documents that are crucial to the system. The documents identified are:

1. Credit Note
2. Purchase Order
3. Receiving Report
4. Purchase Requisition

The management of COCOA Sdn Bhd intends to redesign the procurement system from the point in time when an item needs to be ordered until payment is made. The system should be designed to ensure that all the proper controls are incorporated into the system.

Required:

- a) Explain the purpose of each document identified above. (4 marks)
- b) Discuss any **FOUR (4)** threats and applicable internal control procedures in the purchasing cycle. (12 marks)

QUESTION 2

(14 Marks)

The production process of TOTO Bhd consisted of the usual planning, scheduling, and controlling of the physical products through the manufacturing process. The company's manufacturing process begins in the production planning and control department. Hani, the production manager, determines the materials and operations requirements and combines information from various departments to assess the inventory requirements for production. Marketing provides the sales forecast, engineering provides the engineering specifications and inventory provides the inventory status. When this information is combined with the bill of materials and route sheet, Hani is able to prepare purchase requisition document. The purchase requisition is then sent to purchasing and inventory control.

Hassan, as Hani's assistant, will prepare production and control documents by comparing the bill of materials and route sheets. The documents produced are the move ticket, work order, and materials requisitions. A copy of the work order, move ticket and material requisitions

documents are sent to cost accounting. The other two copies are sent to Roger, the manager in the work center.

Once Roger receives the production control documents, he initiates production. Unfortunately for the company, Roger is not a good supervisor. One of Roger's duties is to review the job tickets which are sent to cost accounting, and the employee time cards, which are sent to payroll. Roger doesn't pay attention to the amount of time his employees spend working, so they can easily enter any time onto their time cards. Roger also doesn't pay close attention to the production process and the use of raw materials. Roger sends the materials requisitions to the inventory department, but never sends back any excess material or returns. Materials are left in the work centre department and are used in the future if they run out of materials.

Seagal, the storekeeper, in the inventory department takes the materials requisitions from the work center and releases the raw materials to the work centers. Seagal then files a copy of the materials requisition and updates the inventory records with the other two copies. He then updates the material inventory records and creates a journal voucher that is sent to the accounting department. The finished goods inventory is updated and a journal voucher is created and sent to the accounting department. A copy of the materials requisition is filed and the other copy is sent to accounting.

The cost accounting department will monitor the flow of cost information related to production. Information flows from the production planning, work centers, and inventory departments. The production department sends a work order to Shania in cost accounting, which is used to initiate work-in-process recording, and then the work order is filed. The work center sends a job ticket and the production planning and control department sends a materials requisition. Shania then updates the work in process and calculates the variances. Shania creates a journal voucher and then updates the general ledger after she compares it with the journal voucher from inventory. Finally, Shania files both journal vouchers.

Required:

- a) Explain the importance of any of the **FOUR (4)** documents identified in the production cycle above. (4 marks)
- b) Discuss **FIVE (5)** things that could be done to improve the company's system of internal control. (10 marks)

QUESTION 3

(25 Marks)

- a) Describe the factors that constitute the fraud triangle. Why is it important to auditors? (8 marks)
- b) A teller at a savings and loan drive-through accepted a cash payment from customer #1 for an auto loan. The teller appeared to process the payment, but told the customer the printer was jammed and she can't print a receipt. The customer accepted the excuse and drove away. The teller pocketed the cash and wrote down customer #1's loan number and payment amount for future reconciling. A couple of days before customer #1's monthly statement was printed, the teller recorded a cash payment from customer #2 as if it were made by customer #1. The teller pocketed the difference between the two payments. The teller continued to steal and misapply customer payments for the next two years without detection.

Identify the type of fraud scheme described. Describe five controls you would implement to address the fraud risk. (9 marks)

- c) Discuss briefly the following computer fraud that could occur in the organization's accounting information systems. (8 marks)
- i) Virus
 - ii) Malware
 - iii) DOS attack
 - iv) Phishing

QUESTION 4

(35 Marks)

A systems development life cycle (SDLC) is composed of a number of clearly defined and distinct work phases which are used by systems engineers and systems developers to plan for, design, build, test, and deliver information systems. The SDLC is not a methodology per se, but rather a description of the phases in the life cycle of a software application. In a broad sense, these phases are: investigation, analysis, design, build, test, implement, and maintenance and support. All software development methodologies follow the SDLC phases but the method of doing that varies vastly between methodologies.

Required:

- a) Discuss in details the stages in systems development life cycle (SDLC). (12 marks)
- b) Discuss the feasibility measures that should be considered during project analysis and give an example of each. (8 marks)
- c) What is prototyping? Why is it used in systems development. (4 marks)
- d) What is the purpose of the Request for Proposal (RFP). (2 marks)

- e) Discuss the appropriate steps to take when selecting a commercial software package. (5 marks)
- f) Discuss the relative advantages of different methods for gathering data during a systems survey. (4 marks)

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


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