

Course No: ACC4315
 Course Title: Accounting Information system
 Date: 08/01 / 2014
 No. of Questions: 6
 Time: 120 Minutes
 Using Calculator (No)

University of Palestine

 Final Exam
 1st 2013/2014
 Total Grade: 60

Instructor Name: Ahmad Al-Saqqa
 Student No.: _____
 Student Name: _____
 College Name: _____
 Dep. / Specialist: _____
 Using Dictionary, Mobile (No)

Answer all questions

First Question True or false	No. of Branches (10)	(05/60)
<p>1- Sales orders should be prenumbered documents.</p> <p>2- Employee Fraud Usually consists of: an employee taking cash or other assets for personal gain by circumventing a company's system of internal controls.</p> <p>3- Preventive controls are the first line of defense in the control structure.</p> <p>4- Auditors should not understand a client's business and industry and should be aware of unusual conditions to the industry that may affect the audit.</p> <p>5- Transaction authorization used to ensure that employees are carrying out only authorized transactions.</p> <p>6- Business ethics involves finding the answers to two questions: how do managers decide on what is right in conducting their business? And how do they achieve it?</p> <p>7- In a computerized accounting system, segregation of functions refers to inventory control, accounts receivable, billing, and general ledger tasks.</p> <p>8- The principal source document in the sales order system is the sales order.</p> <p>9- A remittance advice is a form of turn-around document.</p> <p>10- Management fraud involves misappropriation of assets, it frequently is shrouded in a maze of complex business transactions.</p>		
Second Question: Multiple Choice	No. of Branches (10)	(10/60)
<p>1. The revenue cycle consists of:</p> <p>a) one subsystem—order entry</p> <p>b) two subsystems—sales order processing and cash receipts</p> <p>c) two subsystems—order entry and inventory control</p> <p>d) three subsystems—sales order processing, credit authorization, and cash receipts</p> <p>2. The reconciliation that occurs in the shipping department is intended to ensure that</p> <p>a) credit has been approved</p> <p>b) the customer is billed for the exact quantity shipped</p>		

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- c) the goods shipped match the goods ordered
 - d) inventory records are reduced for the goods shipped
3. The adjustment to accounting records to reflect the decrease in inventory due to a sale occurs in the
- a) warehouse
 - b) shipping department
 - c) billing department
 - d) inventory control department
4. Copies of the sales order can be used for all of the following except
- a) purchase order
 - b) credit authorization
 - c) shipping notice
 - d) packing slip
5. The purpose of the sales invoice is to
- a) record reduction of inventory
 - b) transfer goods from seller to shipper
 - c) bill the customer
 - d) select items from inventory for shipment
6. The stock release copy of the sales order is not used to
- a) locate and pick the items from the warehouse shelves
 - b) record any out-of-stock items
 - c) authorize the warehouse clerk to release custody of the inventory to shipping
 - d) record the reduction of inventory
7. The billing department is not responsible for
- a) updating the inventory subsidiary records
 - b) recording the sale in the sales journal
 - c) notifying accounts receivable of the sale
 - d) sending the invoice to the customer
8. Usually specific authorization is required for all of the following except
- a) sales on account which exceed the credit limit
 - b) sales of goods at the list price

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- c) a cash refund for goods returned without a receipt
- d) write off of an uncollectible account receivable

9. Which of following functions should be segregated?

- a) opening the mail and making the journal entry to record cash receipts
- b) authorizing credit and determining reorder quantities
- c) maintaining the subsidiary ledgers and handling customer queries
- d) providing information on inventory levels and reconciling the bank statement

10. Which situation indicates a weak internal control structure?

- a) the mailroom clerk authorizes credit memos
- b) the record keeping clerk maintains both accounts receivable and accounts payable subsidiary ledgers
- c) the warehouse clerk obtains a signature before releasing goods for shipment
- d) the accounts receivable clerk prepares customer statements every month

Third Question:	No. of Branches (10)	(05/60)
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The following list presents various internal control strengths (S) or risks (R) that may be found in a company's revenues and cash collection processes. Identify which of them is (S) or (R).

1. ____ Credit is authorized by the credit manager.
2. ____ A cash receipts journal is prepared by the Treasurer's department. (This type of accounting record should be prepared by those with recordkeeping responsibilities rather than those in a position to perform reconciliations of the cash records.)
3. ____ Collections received by check are received by the company receptionist, who has no additional recordkeeping responsibilities.
4. ____ Collections received by check are immediately forwarded unopened to the accounting department. (This would place the accounting department in an incompatible role combining recordkeeping and custody of cash.)
5. ____ A bank reconciliation is prepared on a monthly basis by the Treasurer's department.
6. ____ Security cameras are placed in the shipping dock.
7. ____ Receiving reports are prepared on pre-printed, numbered forms.
8. ____ The billing department verifies the amount of customer sales invoices by referring to the authorized price list. (This price authorization role should be performed before billing. An approved sales order, including verified prices, should be in place at the time the documents reach the billing department.)

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9. ____ Entries in the shipping log are reconciled with the sales journal on a monthly basis.
10. ____ Cash collections are deposited in the bank account on a weekly basis. (If cash receipts occur daily, they should be deposited promptly – preferably on a daily basis.).

Fourth Question: Short Answer	No. of Branches (5)	(15/60)
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1. State two specific functions or jobs that should be segregated in the cash receipts system.
2. List two points in the sales processing system when authorization is required.
3. What task can the accounts receivable department engage in to verify that all checks sent by the customers have been appropriately deposited and recorded?
4. A customer payment of \$247 was correctly posted in the general ledger but was recorded as \$274 in the customer's account receivable. Describe a specific internal control procedure that would detect this error.
5. What is automation and why is it used?

Fifth Question:	No. of Branches (2)	(20/60)
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1. When Votor Order Co. receives telephone and fax orders, the billing department prepares an invoice. The invoice is mailed immediately. A copy of the invoice serves as a shipping notice. The shipping department removes inventory from the warehouse and prepares the shipment. When the order is complete, the goods are shipped. The clerk checks the customer's credit before recording the sale in the general journal and the account receivable subsidiary ledger.
 The receptionist opens the mail and lists all payments. The receptionist also handles all customer complaints and prepares sales return forms for defective merchandise. The cashier records all cash receipts in the general journal and makes the appropriate entry in the accounts receivable subsidiary ledger. The cashier prepares the daily bank deposit.
Describe at least four internal control weaknesses at Votor Order Co.
2. Describe what is likely to occur if company personnel erroneously recorded a sales transaction for the wrong customer? What if a cash receipt was applied to the wrong customer? Identify internal controls that would detect or prevent this from occurring.

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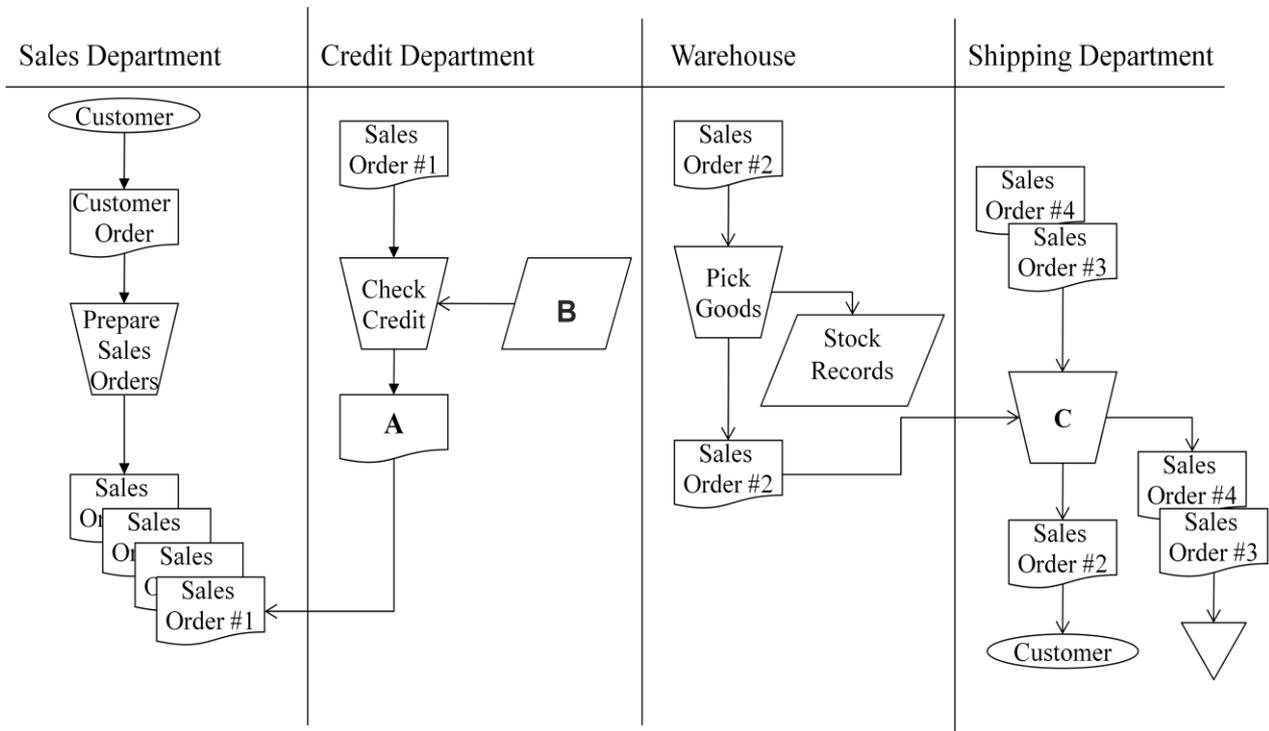
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Sixth Question: **No. of Branches (5)** **(05/60)**

Use the flowchart below to answer these questions:

1. What the document is represented by symbol A?
2. What accounting record is represented by symbol B?
3. What would be an appropriate description for process C?
4. Sales order #2 exists in Warehouse department received from which department?
5. What role does each of the following departments play in the sales order processing subsystem: credit, and shipping?



End of Questions
Good Luck