

Course No: ACNE 4319  
Course Title: Acc. Information System  
Date: 08/01/2019  
No. of Questions: (4)  
Time: 2 hours  
Using Calculator (Yes)

University of Palestine  
  
Final Exam  
1<sup>st</sup>. Semester 2018/2019  
Total Grade: 50

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Using Dictionary (No)

**Answer all the following questions**

**Question One: TRUE-FALSE QUESTIONS(15 Marks 1.0 each)**

- 1- The purpose of having (update procedures) within automation is to validate all transaction records in the batch.
- 2- In Point-of-Sale Systems (POS), if checks, ATM or credit cards are used, an on-line link to receive approval is necessary.
- 3- Consolidating accounting tasks under one computer program can improve traditional independent verification controls.
- 4- Purchasing process begins as the inventory level drops to reorder level, then a purchase order (PO) is prepared by the inventory control and sent to purchasing.
- 5- The expenditure cycle has been called a "mirror image" of the revenue cycle because the activities of the expenditure cycle are the same activities found in the revenue cycle.
- 6- Electronic Data Interchange (EDI) can connect a purchase order system of a company with a sales order system of another; therefore, it eliminates the need to the purchase order procedure.
- 7- Automation within Computer Based System often leads to a collapsing of the traditional segregation of duties. Thus, it requires greater supervision.
- 8- A form of payroll fraud involves submitting time cards for nonexistent employees.
- 9- Personnel department provides the Pay Rate information; thus, an employee cannot submit a higher rate to perpetrate a fraud.
- 10- The expenditure cycle processes non-routine acquisitions of raw material and finished goods inventories. While, the fixed asset system processes routine transactions for a wider group of users in the organization.
- 11- Periodically, the internal auditor should review the asset acquisition and approval procedures to determine the reasonableness of factors used in the analysis.
- 12- Conversion cycle transforms input resources, raw materials, labor, and overhead into finished products or services for sale. Therefore, retail and service businesses don't have conversion cycle.
- 13- Economic Order Quantity (EOQ) Inventory Model is a simple tool used to know how much to order & when to order, and its assumptions are mostly valid.
- 14- World-Class Companies, Continuously pursue improvements in all aspects of their operations, including manufacturing procedures.
- 15- Computer Integrated Manufacturing (CIM) Arranged in groups and in cells to produce an entire part from start to finish.

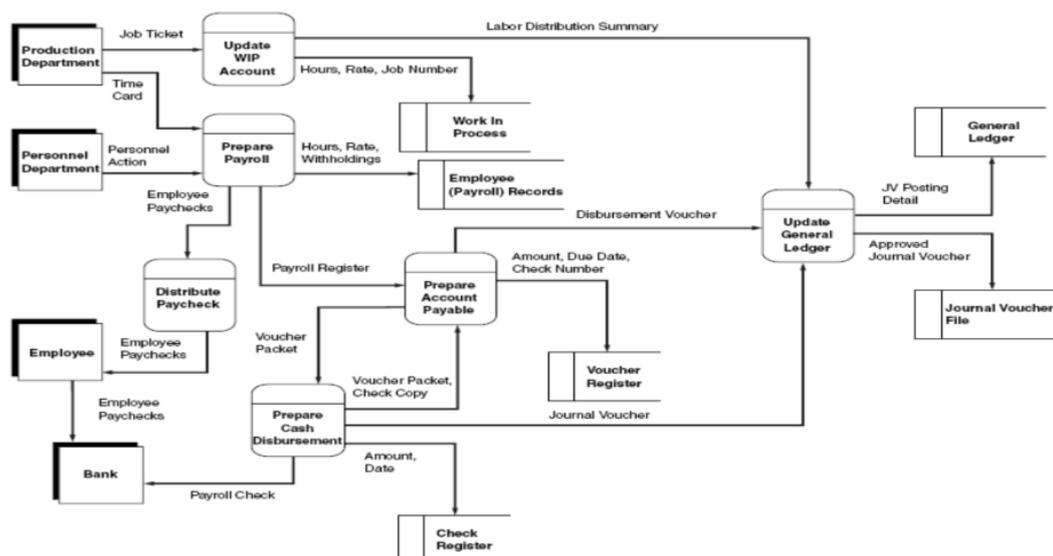
**Question Two: MULTIPLE CHOICE QUESTIONS (15 Marks 1.0 each)**

- 1- The Electronic data interchange (EDI) helps to expedite the following transactions EXCEPT:
  - a. Determining that inventory is needed.
  - b. Selecting a supplier with whom the business has a formal business agreement.
  - c. Dialing the supplier's computer and places the order.
  - d. All of the above.
- 2- Within the revenue cycle, authorization should take place when:
  - a. A sale is made on credit.
  - b. A cash refund is requested
  - c. Both a + b
  - d. None of the above
- 3- Which of the following is Least likely to be a personal computer (PC) control issue:
  - a. Supervision.
  - b. Segregation of Duties.
  - c. Access Control.
  - d. Accounting Records.
- 4- Which types of decision-making should the AIS provide in the expenditure cycle?
  - a. Analysis of vendor performance.
  - b. Determining when and how much additional inventory to order.
  - c. Decide whether purchase discounts should be taken.
  - d. All of the above.
- 5- Cash Disbursements Subsystem performs the following tasks EXCEPT:
  - a. Preparing and recording checks information
  - b. Mailing checks to suppliers.
  - c. Reconciling the inventory amount with the inventory account summary.
  - d. Returning paid vouchers to accounts payable.
- 6- Which of the following is NOT a task performed automatically by the computer:
  - a. Updating the inventory subsidiary file from the receiving report.
  - b. Reviewing and signing purchase orders.
  - c. Preparing, Sending, & Distributing purchase orders.
  - d. Calculating batch totals for general ledger update.
- 7- Within the Expenditure Cycle, which of the following departments received Supervision as a high importance internal control function:
  - a. Purchasing
  - b. Cash Disbursement
  - c. Receiving
  - d. Account Payable
- 8- The fixed asset system uses the depreciation schedules to record end-of-period depreciation transactions automatically. The specific tasks include all of the following EXCEPT:
  - a. Recording any loss or gain associated with the disposal.
  - b. Calculating the current period's depreciation.
  - c. Updating the accumulated depreciation.
  - d. recording the depreciation transaction
- 9- When the clerk deletes the record from the fixed asset subsidiary ledger, the system automatically performs all of the following EXCEPT:
  - a. Posts an adjusting entry to the fixed asset control account in the general ledger.
  - b. Shows the accumulated depreciation.
  - c. Records any loss or gain associated with the disposal.
  - d. Prepares a journal voucher.

- 10- Which transaction is not processed in the fixed asset system?
- Acquisition of raw materials.
  - Sale of company vehicle.
  - Repair of equipment
  - All of the above are processed in the fixed asset system.
- 11- Which function should distribute paychecks?
- Personnel.
  - Paymaster.
  - Payroll
  - Accounts Payable.
- 12- The traditional Batch Production Model Consists of four basic processes. Which of the following is NOT a basic process:
- Plan and control production.
  - Perform cost accounting.
  - Maintain Sales Revenue control.
  - Maintain inventory control.
- 13- Which of the following is NOT a principle of lean manufacturing?
- Products are pushed from the production end to the customer.
  - Reduce setup time to a minimum, allowing for a greater diversity of products, without sacrificing efficiency.
  - All activities that do not add value and maximize the use of scarce resources must be eliminated.
  - A lean manufacturing firm must have established and cooperative relationships with vendors.
- 14- All of the following are problems with traditional accounting information EXCEPT:
- Promotes non-lean behavior.
  - Promotes complex bureaucracies in conflict with lean manufacturing.
  - Data lag due to assumption that control can be applied after the fact to correct errors.
  - Automation changes the relationship between direct labor, direct materials, and overhead cost.
- 15- Which one of the following statements is true?
- ERP evolved directly from MRP.
  - ERP evolved into MRP and MRP evolved into MRP II.
  - MRP II evolved from MRP and MRP II evolved into ERP.
  - None of the above is true.

**Question Three: ESSAY QUESTIONS (15 Marks 5.0 each)**

**A- The DFD below Represents the Payroll System. Explain in Details the Payroll Procedures:**



**B- Explain Reengineering within the Payroll System. Include in your discussion:**

1. The three reengineered departments.
2. Tasks performed in batch processing.
3. Control Implications (benefits of reengineered Payroll system).

**C- Discuss Automation within the PURCHASE ORDER system. Include in your discussion:**

1. The traditional Procedures have been automated.
2. The advantages and disadvantages (Benefits & Risks) of Automation within the mentioned system.
3. And how we can reduce the Risks if there is any.

**Question Four: FILL IN THE BLANK QUESTIONS (5 Marks 0.5 each)**

**Fill in the blanks from between the Parenthesis the class of control that describes each of the following set of transaction processing:**

(Transaction Authorization- Segregation of Duties – Supervision- Accounting Records - Access Control - Independent Verification)

#	Class Of Control	Transaction Processing	#	Class Of Control	Transaction Processing
1.	.....	Credit is separate from processing; inventory control is separate from warehouse; AR subsidiary ledger is separate from GL.	6.	.....	AP reconciles source documents before Liability is recorded. General ledger reconciles overall accuracy of process.
2.	.....	Physical access to inventory; access to accounting records, and cash.	7.	.....	Work orders, move tickets, materials requisitions.
3.	.....	Cash receipts, general ledger, bank reconciliation	8.	.....	Overseeing the use of RM and timekeeping.
4.	.....	AP authorizes payment..	9.	.....	Use formal procedures & documents to release materials into production.
5.	.....	Periodic bank reconciliation by controller.	10.	.....	Proper security over Cash.

**Best Wishes.**