



**MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY
(MMUST)
KAIMOSI FRIENDS UNIVERSITY COLLEGE
KAFUCO**

**UNIVERSITY EXAMINATIONS
2017/2018 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCA 348

COURSE TITLE: ACCOUNTING INFORMATION SYSTEMS

DATE: Friday 22nd December 2017 TIME: 2.00pm-4.00pm

INSTRUCTIONS TO CANDIDATES

1. ANSWER QUESTION **ONE** COMPULSORY AND ANY OTHIS TWO QUESTIONS.
2. Do **NOT** Write on this Question Paper

TIME: 2HOURS

QUESTION ONE (30 MARKS)

- a) Hiring an employee and taking a sales order are business activities but are not accounting transactions requiring journal entries. Make a list of four other business activities that would not be captured as journal entries in traditional AIS. Do you think managers or investors would be interested in knowing about these activities? Why or why not? (4 marks)
- b) Define the following terms as used in accounting information systems (4 marks)
 - Information
 - Systems
 - Business transaction
 - Business process
- c) Discuss any four benefits and any two challenges of using computerized accounting systems (12 marks)
- d) Your organization board of management intends to institute management information system next year. Outline to the board any five major components of management information system. (10 marks)

QUESTION TWO (20 MARKS)

Consider the case below and answer the question

For the past 11 years, Wafula has been an employee of the Star-Bright Electrical Supply store. Wafula is a very diligent employee who rarely calls in sick and staggers his vacation days throughout the year so that no one else gets bogged down with his tasks for more than one day. Star-Bright is a small store that employs only four people other than the owner. The owner and one of the employees help customers with their electrical needs. One of the employees handles all receiving, stocking, and shipping of merchandise. Another employee handles the purchasing, payroll, general ledger, inventory, and AP functions. Wafula handles all of the point-of-sale cash receipts and prepares the daily deposits for the business. Furthermore, Wafula opens the mail and deposits all cash receipts (about 30 percent of the total daily cash receipts). Wafula also keeps the AR records and bills the customers who purchase on credit all records are manual.

Required

- i. Point out any control weaknesses you see in the scenario. (10 marks)
- ii. List some recommendations to remedy any weaknesses you have found working under the constraint that no additional employees can be hired.(10 marks)

QUESTION THREE (20 MARKS)

- a) Using an example distinguish between Data and information (4 marks)
- b) As the chief accountant of XYZ Ltd the firm that has AIS in its organization system, outline to the board of management four control procedures that can be used to mitigate against the threat of unauthorized access to the general ledger (8 marks)

- c) Define expenditure cycle with respect to accounting information systems.(2 marks)
- d) ABC ltd is considering incorporating accounting information systems in its next year's budget. Explain to the manager any six threats to organization and within expenditure cycle that the organization is likely to encounter.(6 marks)

QUESTION FOUR (20 MARKS)

- a) Through the use of REA diagram Prepare the REA model of the payroll process. Show the cardinalities for all associations (4 marks)
- b) Many authorities believe that the employer does not prosecute 90 percent of all computer fraud acts. What computer fraud with respect to accounting information system and explain FOUR common techniques used to commit computer fraud (6 marks)
- c) As the chief accountant of ABC firm outline to the staff of your section FIVE roles of accountants with respect to accounting information system. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss the importance of accounting independence in accounting information systems. Give an example of why this concept is important (4 marks)
- b) Describe an internal control that would prevent an employee from removing a computer and then reporting it as scrapped (8 marks)
- c) Define payroll cycle with respect to accounting information systems. (2 marks)
- d) As accountant in charge of AIS explain to the manager of your organization four basic activities performed by payroll cycle of an accounting information system. (4 marks)