



**A F R I C A
U N I V E R S I T Y**

(A UNITED METHODIST RELATED INSTITUTION)

'Investing in Africa's Future'

FACULTY OF MANAGEMENT AND ADMINISTRATION

COURSE TITLE: ACCOUNTING INFORMATION SYSTEMS MAC 302

SEMESTER 1: FINAL EXAMINATION – NOVEMBER 2016

LECTURER: MS. IRENE CHIBANDA

TIME: 3 HOURS

INSTRUCTIONS

Answer **all questions** in sections A, B and C

Start each question on a new page in your answer booklet for sections B and C.

The marks allocated to **each** question are shown at the end of the question.

Credit will be given for logical, systematic and neat presentations.

SECTION A (Each question carries 2 marks)

1. "It is strange that companies processing bad debts include VAT." As a new graduate help the above individual with his/her query.
2. Explain two measures that are required by tax authorities to allow bad debts written off.
3. How does an organisation deal with an account code created in error?
4. What is the slicing or salami technique of fraud?
5. Explain a concept in accounting that is linked to question (4) above.
6. Identify and explain two characteristics of a well designed chart of accounts.
7. To ensure that the net salary is not altered after processing, identify two measures that you would implement to minimise the possibility of such a threat.
8. What role is played by timely performance reports in your organisation's system of internal controls?
9. Explain two reasons why software vendors do not want to give the source code.
10. Identify and explain two ways in which the aging analysis would aid your organisation in effective management of debtors.
11. Identify two measures that can be applied to minimise theft associated with the use of Electronic Funds Transfer (EFT)
12. Why does an open batch not form part of the report?
13. As a recent graduate, what would you recommend to your organisation to minimise threats of kickbacks?
14. How is it possible that a company can make profits but has a huge overdraft at the bank?
15. Distinguish between inherent and detection risk in auditing.
16. A batch total guarantees accuracy. Comment on this statement.
17. Explain two categories of objectives that accountants recognise in internal controls.
18. One of the major tasks for external auditors is to identify fraud in your organisation. Comment.
19. Give two reasons why organisations should manage leave accrued.
20. What is the most important control in processing journals?
21. Explain two measures that you would recommend your organisation to adopt as part internal controls in human resources management.
22. Explain two measures that would help identify fraudulent behaviour in employees.

SECTION B – CASE STUDY

The following is a summary of a case that happened in one organisation:-

“Mr Y was employed as a payroll officer and between 2011 and 2013 he stole \$700 000 from his employer by inflating his salary from \$1 000 to \$20 000 per month. Mr Y’s duties included putting data into the payroll system and capturing employees’ information, running the payroll and transmitting the payroll to the bank.

Mr Y processed the payroll with his correct salary. After it was reviewed he went back and inflated it to \$20 000 and transferred it into his bank account together with the rest of the payroll. He requested transfer of total salaries including the inflated amount and management authorised his request. Mr Y had a previous conviction of fraud in a big company in the same city.

Mr Y displayed an extravagant life style by purchasing 3 houses in the low density suburbs and bought 3 vehicles namely Toyota Prado, Nissan Hardy body and a BMW.” Mr Y did not go on leave during the period in question.

As a recent graduate you are required to identify possible weaknesses and threats from the facts in the above case. You are also required to offer measures that could have been put in place to minimise the loss suffered by this organisation.
(25 marks)

SECTION C

1. The fraud triangle is an important concept in reasons for employees committing fraud. Discuss pressure/motivation as part of the triangle.
(20 marks)
2. Internal controls perform three important functions. Discuss these functions and give relevant examples. (11 marks)

END OF EXAMINATION PAPER