



“Investing in Africa’s future”

COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

NMAC 302: ACCOUNTING INFORMATION SYSTEMS

NCIS 305: COMPUTERISED ACCOUNTING SYSTEMS

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER 2021

LECTURER: MS I.CHIBANDA

TIME: 5 HOURS

INSTRUCTIONS

Answer **TWO** questions from this paper

Question **ONE** is compulsory and choose any ONE question from Section B

All questions, are essay questions.

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

Marks will be awarded for giving logical examples.

Section A

Question 1 (Compulsory)

The General Manager of PP Enterprises (Private) Limited Mr. George Goslow has received a report with many threats that are causing him sleepless nights. He has no idea why these threats are happening but is afraid these may negatively impact on the continued existence of the business. Here is a list of the threats that are contained in a report and they range across the entity's operations.

1. The accounts receivable file was destroyed because it was accidentally used to update accounts payable data.
2. The hours worked filed in a payroll transaction record contained the value 400 instead of 40. As a result, the employee received a salary of USD7 367.00 instead of USD 717.00.
3. A batch of 85 time sheets was sent to the payroll department for weekly processing. Somehow one of the time sheets did not get processed. The mistake was not discovered until payday, when the employee affected complained about not receiving his salary.
4. During the processing of customer payments, the digit 0 in a payment of \$304 was mistakenly typed as the letter "O". As a result, the transaction was not processed correctly, and the customer erroneously received a letter that the account was in arrears and could further affect future credit facilities.
5. A salesperson mistakenly entered an online order for 50 laser printers instead of 50 printer toner cartridges.
6. A 25-minute power cut caused an important database server to crash, shutting down operations temporarily.
7. A fire gutted the data centre and destroyed it including backup copies of accounts receivables.
8. After processing sales transactions, the inventory report showed a negative quantity on hand for several inventory items.
9. A customer order for an important part did not include the customer's delivery address. As a result, the order was not shipped on time and the customer called and is threatening to find another supplier.
10. When inputting a large sale on credit, the clerk typed in the customer's account number as 65928 instead of 65298. The account number was non-existent. The mistake was not discovered until after one week when the weekly billing process was run. Because of this error, the customer

was not billed/charged for another week and the payment from the customer was delayed.

11. A visitor to the company's website entered 300 characters into the five-digit zip code field causing the server to crash
12. The respective department manager was furious because special discount coupons were sent/mailed to every customer who purchased the product within the past 4 years instead of only to those who had purchased the product within the past three months.
13. The clerk inputting details about a large sale on credit transaction mistakenly typed a non-existent account number. As a result, the company never received the payment.
14. A customer filled in a wrong account number on the portion of the invoice being returned with the payment. Because of this error the amount was credited/posted to another customer's account
15. Two of the travelling sales representatives accessed the parts database at the same time. Salesperson John noted that there still 65 units of part 725 available and entered an order for 50 of these parts. While John was keying in the order, another salesperson Lloyd in another location also noted the availability of 65 units for part 725 and entered an order for 35 of this part. Both John and Lloyd promised their respective customer next day delivery. John's customer was advised the next day that the delivery for 50 parts could not be met in full but the balance had to be back ordered.

As an intern who is showing potential in resolving a lot of issues in PP Enterprises, the General Manager has approached you to review the issues listed above and prepare a report. His intention is to use the report to bring awareness to the employees of the organization. Your report is expected to address the following issues: -

1. The possible exposure of each of the above threats. **(15 marks)**
2. Offer recommendations for control measures that can be implemented that would best mitigate the above threats. **(30 marks)**

SECTION B

Question 2

The following is a recent case relating to an entity Got Limited whose main objective is to sale motor vehicles including tractors, motor spare parts, and accessories and offers maintenance services of such vehicles. The facts of the case are as follows: -

David was employed as motor parts supervisor since 2015. His duties among others included ordering parts, receiving parts, inputting the ordered parts in the parts computer system, invoicing customers for parts sold on cash, issuing parts to technicians for repair of vehicles and charging issued parts for the job.

After the company undertook an audit from December 2020, they discovered that David manipulated the parts computer system. He amended/ edited motor vehicle parts descriptions and part numbers to effect sales. He altered the description of a selected part in stock which would have a higher value and renamed it with the name of a selected part in the system that has a lower value. He would later resale the parts for his benefit. As result of David's activities Got Limited lost spare parts to the tune of USD100 000.

The losses identified were for a period of 3 years. Got Limited did not think it was prudent to extend the audit to a period longer than 3 years. In the meantime, Got Limited has reported the case of David to the police and he is being prosecuted.

REQUIRED

To assess the facts of the above case and what you think went wrong in Got Limited and your reasons for your observations. If you were to give advice to Got Limited what should they do to improve their control environment?

(15 marks)

Question 3

The following is a report provided by the court in a country in the SADC region. A 25-year-old young man Mr. Cecil Smart who posed as a specialist physician managed to work in one of the big government hospitals for 10 months without the respective qualifications and no one detected it for that period. He worked in the Casualty Department without the respective qualifications. In the month in which it was discovered two of the employees noticed the behaviour and practices of Mr. Smart that were contrary to the medical profession. The fellow employees continued to notice the anomalies and brought it to the attention of the administration and asked Mr. Smart to produce evidence of his practising certificates but nothing came forth. Mr. Smart was apprehended and taken to the police and indeed it was confirmed he had faked his qualifications of being a specialist physician.

REQUIRED: -

To assess the brief information of the above case and answer the following questions.

1. What is the possible exposure of this case? **(5 marks)**
2. What could have gone wrong in this case and what measures would you recommend to avoid recurrence of such an incident **(10 marks)**

END OF EXAMINATION

