ACCOUNTING INFORMATION SYSTEMS/3e
TURNER / WEICKGENANNT/COPELAND
Test Bank: CHAPTER 2: Foundational Concepts of the AIS

NOTE: All new or adjusted questions are in **red.** New questions are identified by the letter A as part of the question number; adjusted questions are identified by the letter X as part of the question number.

End of Chapter Questions:

1. Which of the following statements is not true?
    A. Accounting information systems must maintain both detail and summary information.
    B. Business processes may vary from company to company.
    C. Regardless of the extent of computerization, all accounting information systems must capture data from the transactions within business processes.
    D. Business processes categorized as expenditure processes are not intended to be processes that serve customers.

2. In a manual system, an adjusting entry would most likely be initially recorded in a:
    A. Special journal
    B. Subsidiary ledger
    C. **General journal**
    D. General ledger

3. Which of the following is not a disadvantage of maintaining legacy systems?
    A. There are fewer programmers available to support and maintain legacy systems.
    B. **They contain invaluable historical data that may be difficult to integrate into newer systems.**
    C. Hardware or hardware parts may be unavailable for legacy systems.
    D. It can be difficult to integrate various legacy systems into an integrated whole.

4. Which of the following is not an advantage of cloud computing when compared to client-server computing?
    A. It is more scalable.
    B. It is less costly.
    C. **It increases the amount of computer infrastructure in a company.**
    D. It has expanded availability.

5. Which of the following is a disadvantage of purchased accounting software, compared with software developed in-house?
    A. **It is custom designed for that company.**
    B. It is less costly.
    C. The implementation time is shorter.
    D. There are fewer bugs.

6. Which of the following is not a method of updating legacy systems?
   A. Enterprise application integration
   B. Backoffice ware
   C. Screen scraper
   D. Complete replacement

7. When categorizing the accounting software market, a company with revenue of $8 million would most likely purchase software from which segment?
   A. Small company
   B. Midmarket
   C. Beginning ERP
   D. Tier 1 ERP

8. An IT system that uses touch-screen cash registers as an input method is called:
   A. Electronic data interchange
   B. E-business
   C. Point-of-sale system
   D. Source documents and keying

9. When similar transactions are grouped together for a specified time for processing, it is called:
   A. Online processing
   B. Real-time processing
   C. Batch processing
   D. Group processing

10. Which of the following is not correct regarding the differences in the ways that real-time systems differ from batch systems?

	Real-Time Systems	Batch Systems
A.	Must use direct access files.	Can use simple sequential files.
B.	Processing occurs on demand.	Processing must be scheduled.
C.	**Processing choices are menu-driven.**	**Processing is interactive.**
D.	Supporting documents are prepared as items are processed.	Supporting documents are prepared during scheduled runs.

11. In documenting systems, which pictorial method is described as a method that diagrams the actual flow and sequence of events?
    A. Systems flowchart
    B. Process map
    C. Data flow diagram
    D. Entity relationship diagram

12. (CMA Adapted) A company in Florida provides certified flight training programs for aspiring new pilots of small aircraft. Although awarding a pilot's license requires one-on-one flight time, there is also much preparatory training conducted in classroom settings. The company needs to create a conceptual data model for its classroom training program, using an entity-relationship diagram. The company provided the following information:

Floridian Flight, Inc. has 10 instructors who can tach up to 30 pilot trainees per class. The company offers 10 different courses, and each course may generate up to eight classes. Identify the entities that should be included in the entity-relationship diagram:

   A. Instructor, Floridian Flight Inc., Pilot Trainee
   B. Instructor, Floridian Flight Inc., Course, Enrollment, Class
   C. Floridian Flight Inc., Enrollment, Course, Class, Pilot Trainee
   D. **Instructor, Course, Enrollment, Class, Pilot Trainee**

TEST BANK – CHAPTER 2 – MULTIPLE CHOICE

1. IT systems have dramatically affected many aspects of business. Which of the following is not one of the changes?
   A. Data input into accounting information systems.
   B. The way that data is processed in the system.
   C. **The accounting information that is reported by the system.**
   D. The outputs of the system.

2. Which of the following statements is false?
   A. Technology has allowed many industries to provide better, faster, and higher quality information.
   B. Business process must adapt to the new technologies.
   C. Business processes, IT systems, and the accounting information system are inextricably linked.
   D. **IT systems have not had a major impact on the input of data into the accounting information system.**

3. The system that captures, records, processes, and reports accounting information is referred to as a(n):
   A. **Accounting information system**
   B. Management information system.
   C. System of business processes.
   D. Client-server system.

4. Information captured by a system is generated by financial transactions:
   A. Within the organization only.
   B. Between an organization and its customers only.
   C. Between an organization and its vendors only.
   D. **Within the organization and between an organization and its customers and vendors.**

5. A prescribed sequence of work steps completed in order to produced a desired result for an organization is the definition of:
   A. Accounting information system
   B. Business process
   C. Business transaction
   D. Financial statement

6. Which of the following statements, related to a business process, is not a true statement?
   A. It has a well-defined beginning and end.
   B. Usually takes a long-period of time to complete.
   C. Occur so that the organization may serve its customers.
   D. Is initiated by a particular kind of event.

7. When a transaction occurs there are systematic and defined steps that take place within the organization to complete all of the underlying tasks. These "defined steps" are referred to as:
   A. Business Processes
   B. Financial Transactions
   C. Accounting Information Systems
   D. Customer Service Arenas

8. The substance of an accounting information system includes:
   A. Initiate an event
   B. Steps taken to create a business process
   C. Capturing, recording, processing and reporting accounting information
   D. Selection of client-server computing

9. Which of the following is not one of the general categories of business processes?
   A. Revenue Processes
   B. Inventory Processes
   C. Expenditure Processes
   D. Conversion Processes

10. Which of the following correctly states the order of steps in a manual accounting system?
    A. Source Documents, Journals, Ledgers, Reports
    B. Journals, Source Documents, Ledgers, Reports
    C. Source Documents, Ledgers, Journals, Reports
    D. Ledgers, Reports, Journals, Source Documents

11. Which of the following statements is true?
    A. All accounting systems in use today are computerized systems.
    B. All accounting systems, whether computerized or not, must capture data, process the data, and provide outputs
    C. It is not necessary for an accounting system to maintain summary information if it maintains detail information.
    D. The general ledger will be summarized and then posted to the subsidiary ledger.

12. The choice of accounting information system will depend on all of the following except:
    A. The size of the organization
    B. The philosophy of management
    C. The ability of the company to capture information
    D. The nature of its processes

13. The record that captures the key data of a transaction is called:
    A. Turnaround document
    B. Ledger
    C. Journal
    D. Source document

14. In order to organize the study of accounting information systems, the authors divided the systems in place into three categories. Which of the following is not one of those categories?
    A. Manual Systems
    B. Client-Server Systems
    C. Legacy Systems
    D. Integrated IT Systems

15. Chapter 2 discusses the different approaches that can be used to enhance existing legacy systems. Which approach intends to consolidate, connect, and organize all of the computer applications, data, and business processes (both legacy and new) into a seamlessly interfaced framework of system components?
    A. Screen scrapers
    B. Legacy replacement integration
    C. Enterprise application integration
    D. Resource management integration

16. Which of the following is one of the advantages of maintaining a legacy system?
    A. The system often supports unique business processes not inherent in generic accounting software.
    B. The system is complicated and takes time to learn and understand
    C. The system focuses on source documents, journals, and ledgers.
    D. The system is cheap to maintain.

17. Which of the following statements is true related to manual systems?
    A. Few small organizations use computerized accounting systems.
    B. Computerized systems often rely on some manual record keeping.
    C. Most medium sized organizations rely on manual accounting systems.
    D. When using a computerized system, it is not necessary to understand the manual system.

18. Which of the following is an example of a source document?
    A. Purchase order
    B. Employee time card
    C. Cash receipts
    D. **All of the above are examples of source documents.**

19. A source document serves important functions in the accounting system. Which of the following is not one of those functions?
    A. **Provides the output data for financial reports**
    B. Serves as part of the permanent audit trail
    C. Triggers beginning of business processes
    D. Provides the input data to record the transaction

20. An output of the accounting system that can be used as an input in a different part of the accounting system is referred to as:
    A. Round table document
    B. Source document
    C. **Turnaround document**
    D. Financial report

21. Which of the following provides details for the entire set of accounts used in the organization's accounting systems?
    A. **General Ledger**
    B. Special Journal
    C. Subsidiary Ledger
    D. General Journal

22. The book of original entry for any transaction not recorded in a special journal is the:
    A. Special Ledger
    B. General Ledger
    C. **General Journal**
    D. Subsidiary Journal

23. Special journals are created, or established, to record specific types of transactions. Which of the following is not one of the special journals?
    A. **Fixed Asset Journal**
    B. Cash Receipts Journal
    C. Purchases Journal
    D. Payroll Journal

24. The purpose of this item is to maintain the detailed information regarding routine transactions, with an account established for each entity.
    A. Purchases Journal
    B. **Subsidiary Ledger**
    C. General Journal
    D. General Ledger

25. Which of the following items is not one of the manual records in a manual accounting system?
    A. Journals
    B. Ledgers
    C. Source Documents
    D. Trial Balance

26. An existing system within the organization that uses older technology is called a(n):
    A. Manual system
    B. Legacy system
    C. Client-server system
    D. Modern integrated system

27. Which of the following statements does not refer to a legacy system?
    A. Includes source documents, journals, and ledgers.
    B. Have been in place for many years.
    C. Much time has been spent developing, maintaining, and customizing the system.
    D. Often based on old or inadequate technology.

28. Organizations are often reluctant to abandon their legacy systems because:
    A. The system was customized to meet specific needs.
    B. The process to replace the systems is inexpensive.
    C. The time involved for replacement is minimal.
    D. Information contained on the system is outdated.

29. Which of the following is not one of the advantages of maintaining the legacy systems?
    A. Legacy systems are inexpensive to maintain.
    B. The system contains invaluable historical data that may be difficult to integrate into a new system.
    C. The system is well supported and understood by existing personnel who are already trained to use the system.
    D. The system has been customized to meet specific needs of the organization.

30. What time frame is required for a business processing system to be considered a "legacy system"?
    A. 30 years
    B. 10 years
    C. 20 years
    D. None of the above

31. Which of the following is one of the disadvantages of maintaining the legacy systems?
    A. Often support unique business processes not inherent in generic accounting software.
    B. May not easily run on new hardware.
    C. Contain invaluable historical data.
    D. Existing personnel are already trained to use the system.

32. Which of the following is not one of the disadvantages of maintaining the legacy systems?
    A. They become difficult to integrate when companies merge or acquire other companies.
    B. They are often difficult to modify to make them web based.
    C. They are well supported and understood by existing personnel.
    D. They lack adequate, up-to-date supporting documentation.

33. Frontware, which adds modern, user friendly screen interfaces to legacy systems are referred to as:
    A. Turnaround software
    B. Graphical user face
    C. COBOL
    D. Screen scrapers

34. Instead of completely replacing their systems, organizations often try to use new technology to enhance existing systems. Which of the following is not one of the approaches taken by these organizations?
    A. Enterprise application integration
    B. Screen scrapers
    C. Enterprise resource planning
    D. Using interface bridges

35. A set of processes, software and hardware tools, methodologies, and technologies to integrate software systems is referred to as:
    A. Enterprise application integration
    B. Client-server interface
    C. Screen scrapers
    D. Complete integration

36. A use of enterprise application integration would include:
    A. Bridge the legacy systems to the new hardware and software.
    B. Intended to consolidate, connect, and organize all of the computer applications, data, and business processes.
    C. Allow real-time exchange and management of all the critical information.
    D. All of the listed items would be included.

37. What common characteristic is shared by both online processing and real-time processing?
    A. The transaction is processed immediately
    B. Transactions are processed in smaller groups
    C. Data output is available directly after the transaction takes place
    D. Transactions are entered and processed individually

38. Client-server computing can be divided into two levels. These two levels are known as
    _____ and _____.
    A. **Distributed presentation; distributed application**
    B. Physical interface; graphical interface
    C. Software as a Service (SaaS); Database as a Service (DaaS)
    D. Database level; server level

39. Which of the following statements is false?
    A. When a modern, integrated system is purchased, they are often modified by the IT staff to meet the needs of the organization.
    B. **New programs sold by software development companies are not as user friendly as the legacy systems.**
    C. Purchased software has a lower cost, shorter implementation time, and fewer bugs.
    D. The modern, integrated systems typically use the latest technology.

40. The modern integrated systems discussed by the authors include different types of architectures or model. Which of the following is not one of those models?
    A. Client-server model
    B. **Legacy accounting**
    C. Cloud computing
    D. All of the listed are examples of the modern integrated systems.

41. All of the following are disadvantages to a cloud-based system except:
    A. Fewer manual controls over reporting transactions
    B. **Fewer IT employees would be needed to maintain the system**
    C. Increased risk of fraudulent activities
    D. The system relies heavily on the functionality of the host server

42. In the context of cloud computing, what does scalability mean for a growing company?
    A. **Scalability allows a growing company to purchase new capacity incrementally from a cloud provider.**
    B. Scalability allows a growing company to offer its online services to a greater number of consumers at once.
    C. Scalability allows a growing company to purchase more hardware to improve its cloud network
    D. Scalability allows a growing company to gain the greatest return on capital of online investments.

43. A company that wishes to buy cloud computing services enters into an agreement with a cloud computing provider. This agreement is called a:
    A. Cloud Computing Contract (CCC)
    B. **Service Level Agreement (SLA)**
    C. Agency Contract for Corporations (ACC)
    D. Cloud Provider Agreement (CPA)

44. This type of computing means that there are two types of computers networked together to accomplish the application processing.
    A. Cloud computing
    B. IT-Software computing
    C. Client-Server computing
    D. Web-Server computing

45. The advantage of client-server computing is:
    A. PC clients perform as "smart" terminals that can accomplish some share of the process tasks.
    B. The server is housed at the client's location and is maintained by the client.
    C. The client PC works with the entire database, whereas the server works with only a portion of the client data.
    D. Each of the parts - the client PC and the server - work separately and are viewed separately by the users.

46. Which of the following is not a main characteristic of client-server system?
    A. Client and server computer are networked together.
    B. Individual parts of processing are shared between the server and the client.
    C. The system appears to users to be one integrated whole.
    D. The client does not participate in the processing or data manipulation.

47. Which of the following statements is false related to client-server computing?
    A. Tasks are assigned to either the server or the client based on the size of the task.
    B. A large number of client-server applications are moving toward a web-based model.
    C. The client is more efficient at manipulating subsets of data.
    D. The server is more efficient in managing large databases.

48. Which of the following is not an example of cloud computing?
    A. The current method that Apple now uses to manage iTunes.
    B. Google's Gmail - e-mail software.
    C. Purchasing songs from iTunes and downloading those songs onto your computer.
    D. Email accounts such as Yahoo.

49. Which of the following is not an advantage to a cloud model of e-mail?
    A. It may be accessed and read from any device you use.
    B. You are not required to maintain e-mail software and data storage.
    C. Costs associated with maintaining are higher but are more controllable.
    D. Fewer IT employees would be needed.

50. There are a number of cloud computing services, and one of those services is called SaaS. This acronym stands for:
    A. Software as a Service
    B. Systems at a Server
    C. Server adding another System
    D. Software as actual Services

51. Databases that reside in the cloud are called Database as a Service (DaaS). Sometimes the database is combined with an operating system and is referred to as:
    A. Infrastructure as a Service
    B. Platform as a Service
    C. Cloud computing
    D. Software as a Service

52. There are a number of advantages to cloud computing. Which of the following is one of those advantages?
    A. As a company grows, it can easily purchase new capacity from the cloud provider.
    B. Once the software and data are stored in the cloud, it can be accessed by multiple devices from multiple locations.
    C. The company has a reduced need for servers and data storage.
    D. All of the above.

53. There were four market segments identified by the authors in chapter 2. Which of the following is not one of those segments?
    A. Small Company Systems
    B. Midmarket Company Systems
    C. Legacy Company Systems
    D. Beginning ERP Systems

54. A company with revenue of $50 million would be most likely to purchase software from which one of the four market segments?
    A. Midmarket Segment
    B. Beginning ERP Segment
    C. Tier 1: ERP Segment
    D. Integrated Segment

55. Quickbooks and Peachtree would be part of which market segment of accounting software?
    A. Small Segment
    B. Midmarket Segment
    C. Beginning ERP Segment
    D. Legacy Segment

56. SAP and PeopleSoft are part of which market segment of accounting software?
    A. Small Segment
    B. Midmarket Segment
    C. Beginning ERP Segment
    D. Tier 1 ERP Segment

57. Five different input methods were identified by the authors. Which of the following is one of those input methods?
    A. **EDI**
    B. ERP
    C. EAI
    D. EPS

58. Source documents are usually preprinted and sequentially prenumbered. Which of the following is not one of the reasons for this prenumbering and preprinting?
    A. To have an established format to capture data.
    B. To assure that there are no duplicate source documents.
    C. **To be sure that all of the documents have been recorded.**
    D. To be sure that all of the documents are accounted for.

59. This method of input for AIS is considered to be time consuming and error prone due to the human effort required to write on some documents and to manually key in the data:
    A. Bar Coding
    B. Key Punching
    C. **Source Documents and Keying**
    D. Point of Sale Systems

60. The use of employee prepared time cards and the entering of the time worked by the payroll department is a good example of which type of input method for AIS?
    A. EDI
    B. Bar Coding
    C. Point of Use System
    D. **Source Documents and Keying**

61. A printed code consisting of a series of vertical, machine readable, rectangular bars and spaces, that vary in width and are arranged in a specific ways to represent letters and numbers are referred to as:
    A. COBOL Coding
    B. **Bar Coding**
    C. Key Coding
    D. EOS Coding

62. Bar codes can be used in a number of different instances for input:
    A. Products that are sold
    B. Identification of individuals
    C. Track work in process
    D. **Prepare financial statements**

63. A method of using hardware and software that captures retail sales transactions by standard bar coding is referred to as:
    A. **Point of Sale System**
    B. COBOL System
    C. Inventory Tracking System
    D. UPC System

64. The letter UPC, when relating to bar codes, stands for:
    A. United Price Code
    B. Universal Product Code
    C. Unity Product Cost
    D. Ulterior Price Company

65. The inter-company, computer-to-computer transfer of business documents in a standard business format is referred to as:
    A. Electronic Data Interchange
    B. E-Business Document Identification
    C. Earned Daily Interest
    D. Electronic Document Idea

66. The major difference between EDI and e-business is:
    A. EDI uses the internet and e-business uses dedicated networks.
    B. EDI does not require the use of computers.
    C. EDI uses dedicated networks and e-business uses the internet.
    D. There is no difference between EDI and e-business.

67. After the accounting information has been input into the accounting system, it must be processed. Process accounting data involves:
    A. Source documents and keying
    B. Bar codes and point of sale
    C. Electronic data interchange and e-business
    D. Calculations, classification, and summarization

68. In a manual accounting system, the processing of accounting information includes:
    A. Recording in the ledger
    B. Posting to the journal
    C. Closing the necessary ledger accounts
    D. Adjusting the journal

69. When all similar transactions are grouped together for a specified time and then processed together as a group, the process is referred to as:
    A. Grouped processing
    B. Batch processing
    C. Bound processing
    D. Unit processing

70. An organization that has applications having large volumes of similar transactions that can be processed at regular intervals is best suited to use which method of processing?
    A. Real-time processing
    B. Point of sale processing
    C. Batch processing
    D. Sequential processing

71. Which of the following is not one of the advantages of batch processing?
    A. It is generally easier to control than other types of computerized systems.
    B. It uses less costly hardware and software.
    C. It is very efficient for large volumes of like transactions when most items in the master file are used.
    D. **Information can be provided to users on a timely basis.**

72. Which of the following is one of the disadvantages to batch processing?
    A. The hardware and software are more expensive.
    B. **Integration across business processes is difficult in legacy systems that are batch oriented.**
    C. Batch systems can be difficult to audit because of the complexity of the system.
    D. Errors can be corrected immediately because the system checks for input errors as the data is entered.

73. The processing system where transactions are processed immediately and where output is available immediately is referred to as:
    A. **Real-time processing**
    B. Online processing
    C. Batch processing
    D. Sequential processing

74. What is the main difference between e-business and e-commerce?
    A. E-business is the intercompany, computer-to-computer transfer of business documents, whereas e-commerce is the non-intercompany, computer-to-computer transfer of business documents
    B. An e-business is an online storefront, whereas e-commerce consists of the transactions that occur through the online storefront
    C. **E-business refers to all forms of electronic business transactions and processing, whereas e-commerce is a type of e-business specific to online buying and selling**
    D. There is no difference between the two terms and they are used interchangeably

75. The advantages to real-time processing include:
    A. As the data are entered, the system checks for input errors - therefore, errors can be corrected immediately.
    B. Information is provided to users on a timely basis.
    C. All files are constantly up-to-date.
    D. **All of the above are advantages.**

76. The disadvantages to real-time processing include:
    A. Processing can take longer than normal if the master files are large.
    B. Adding or deleting records takes a considerable amount of time.
    C. **The single database that is shared is more susceptible to unauthorized access.**
    D. Data duplication is likely because each process uses its own master file.

77. Many different types of output are generated by an accounting information system. The authors identified general categories of output. The category that would include any document that management determines would be useful to the business is:
    A. Internal documents
    B. Internal reports
    C. External reports
    D. Trading partner documents

78. Documentation of the accounting system allows:
    A. **The accountant to analyze and understand the procedures and business process and the systems that capture and record the accounting data.**
    B. The non-accountant to create a picture or chart of what should happen within the accounting system.
    C. The investor to see inside the accounting system so that he / she can better understand the financial statements.
    D. The accountant to determine which financial statements will be necessary to properly report the results of operations.

79. Which of the following is not one of the popular documentation methods for processes and systems presented in the textbook?
    A. Process maps
    B. Document flowcharts
    C. Entity relationship diagram
    D. Document creation map

80. Which of the following symbols would not be seen in a process map?
    A. Triangle
    B. Diamond
    C. Circle with a letter or number
    D. Oval

81. A pictorial representation of business processes in which the actual flow and sequence of events in the process are presented in the diagram form - the start of the process, the steps within the process, and the finish of the process is referred to as:
    A. System flowchart
    B. ER Diagram
    C. Process Map
    D. Data Flow Diagram

82. Which of the process map symbols is used to show the start and / or finish of a process?
    A. Rectangle
    B. Oval
    C. Diamond
    D. Circle

83. Which of the process map symbols is used to show a task or activity in the process?
    A. Rectangle
    B. Oval
    C. Diamond
    D. Circle

84. Which of the process map symbols is used to show a point in the process when a decision must be made?
    A. Rectangle
    B. Oval
    C. Diamond
    D. Circle

85. A process map shows a circle with a letter or number in the middle. This symbol is used to show:
    A. That there is a break in the process.
    B. That there is a decision to be made.
    C. That a process is starting.
    D. That there is an activity that will take place.

86. This method of system documentation is intended to show the entire system, including inputs manual and computerized processes, and outputs.
    A. Procedure mapping
    B. System flowcharting
    C. Data flow diagramming
    D. Entity relationship diagrams

87. Systems professionals in the design and maintenance of IT systems use this documentation method.
    A. Document flowcharts
    B. Process maps
    C. Data flow diagrams
    D. System flowcharting

88. Accountants and auditors are less likely to use which of the following system documentation methods?
    A. Process maps
    B. System flowcharting
    C. Document flowcharting
    D. Data flow diagrams

89. When creating or reading a system flowchart, the triangle symbol represents a:
    A. File
    B. Direct access storage
    C. Manual input
    D. Document

90. When creating or reading a system flowchart, the diamond represents a(n):
    A. On-page connector
    B. Decision
    C. Data
    D. Process

91. When creating or reading a system flowchart, the rectangle represents a(n):
    A. Decision
    B. Off-page connector
    C. Document
    D. Process

92. The documenting system that shows the flow of documents and information among departments or units within an organization is called a:
    A. System Flowchart
    B. ER Diagram
    C. Document Flowchart
    D. Data Flow Diagram

93. This document system is used by systems professionals to show the logical design of a system. The advantage of the method is that it uses only four symbols. Identify the document system.
    A. Data Flow Diagram
    B. ER Diagram
    C. System Flowchart
    D. Document Flowchart

94. A Data Flow Diagram is used by systems professionals to show the logical design of a system. The advantage of the method is that it uses only four symbols. The symbol used to represent both sources and destinations of data is a(n):
    A. Rectangle with rounded corners
    B. Open-ended rectangle
    C. Arrow
    D. Square with squared corners

95. A Data Flow Diagram is used by systems professionals to show the logical design of a system. The advantage of the method is that it uses only four symbols. The symbol used to represent any task or function performed is a(n):
    A. Rectangle with rounded corners
    B. Open-ended rectangle
    C. Arrow
    D. Rectangle with squared corners

96. A Data Flow Diagram is used by systems professionals to show the logical design of a system. The advantage of the method is that it uses only four symbols. The symbol used to represent a data store or the storage of data is a(n):
   A. Rectangle with rounded corners
   B. Open-ended rectangle
   C. Arrow
   D. Rectangle with squared corners

97. A Data Flow Diagram is used by systems professionals to show the logical design of a system. The advantage of the method is that it uses only four symbols. The symbol used to represent the flow of data is a(n):
   A. Rectangle with rounded corners
   B. Open-ended rectangle
   C. Arrow
   D. Rectangle with squared corners

98. This document system is a pictorial representation of the logical structure of databases. It identifies the entities, the attributes of the entities, and the relationship between the entities.
   A. Entity Relationship Diagram
   B. System Flowchart
   C. Entity Flowchart
   D. Process Map

99. When discussing entity relationship diagrams, this is considered to be a noun, that represents items in the accounting system:
   A. Attribute
   B. Relationship
   C. Entity
   D. Flow

100.   When discussing entity relationship diagrams, this is considered to be a characteristic of an entity.
   A. Attribute
   B. Flow
   C. Relationship
   D. Field

101.   The rectangle used in an entity relationship diagram is used to represent a(n):
   A. Attribute
   B. Relationship
   C. Entity

102.   The diamond used in an entity relationship diagram is used to represent a(n):
   A. Attribute
   B. Relationship
   C. Entity

103.   The oval used in an entity relationship diagram is used to represent a(n):
   A. Attribute
   B. Relationship
   C. Entity

104.   The term that refers to how many instances of an entity relates to each instance of another entity is:
   A. Supervisor
   B. Symbol
   C. Relationship
   D. Cardinality

105.   When an organization has this type of network, there are two types of computers networked together to accomplish the application processing:
   A. Point of sale
   B. Batch processing
   C. Client-server computing
   D. General-subsidiary computing

106.   This type of client terminal can accomplish some of the processing tasks in a client-server computing network:
   A. Application terminal
   B. Smart terminal
   C. Subset terminal
   D. Presentation terminal

107.   Characteristics of a client-server system include all of the following except:
   A. The client and the server are networked together.
   B. The client computer participates in either the processing or the data manipulation.
   C. Individual parts of processing are shared between the server and the client.
   D. The client normally stores the large database.

108.   In this type of client-server computing, the client PC manipulates data for presentation but does not do any other significant processing.
   A. Application presentation
   B. Distributed presentation
   C. Distributed application
   D. ERP application

109.   In this type of client-server computing, the client PC participates in application processing - including the updates and changes to data that reside on the server.
   A. Subset application
   B. Distributed presentation
   C. Distributed application
   D. Real-time application

110. Which of the following statements, regarding ethical considerations in an accounting information system is false?
   A. The accounting information system is often the tool used to either commit or cover up unethical behavior.
   B. If there is only one person within the organization with responsibility for maintaining the computer systems, it is not difficult to detect instances of computer fraud.
   C. Fraud could be perpetrated and go undetected for a long time if the accounting information system is not carefully monitored.
   D. If accountants are well informed about the risks of unethical behavior, they will be better prepared to control those risks.

111. Companies should maintain proper security barriers such as firewalls on all of the following except:
   A. Smart Phones
   B. Company Desktop Computers
   C. Company Laptop Computers
   D. Company flash drives

FOR SHORT ANSWER AND ESSAY QUESTIONS REFER TO THE NEXT PAGE

Question 1.   SO 2   Types of Accounting Information Systems

Describe the differences, benefits and weaknesses of manual AIS systems, legacy AIS systems and modern, integrated AIS Systems.

Answer:
MANUAL SYSTEMS
• Many small organizations use manual systems, in whole or in part, to maintain accounting records
• Even those larger organizations that have computerized aspects of the accounting information system may still have parts of their processes that involve manual records
• An entirely manual system would require source documents and paper-based ledgers and journals.
• Manual systems are less efficient, have a higher propensity for errors and often fail to provide the necessary financial information as timely as a fully integrated, automated system.

LEGACY SYSTEMS
• an existing system in operation within an organization
• uses older technology in which the organization has a considerable investment and that might be entrenched in the organization
• In large companies, many legacy systems run on host-based mainframe computers. "Host-based" means that all significant computer processing takes place on the mainframe host computer
• Accounting software systems running on such computers are often written in programming languages that are nearing obsolescence. Examples of these software languages are COBOL, RPG, Basic, and PL1.

Advantages of maintaining legacy systems:
• have often been customized to meet specific needs in the organization
• often support unique business processes not inherent in generic accounting software
• contain invaluable historical data that may be difficult to integrate into a new system
• are well supported and understood by existing personnel who are already trained to use the system

Disadvantages of maintaining legacy systems:
• are costly to maintain in both dollars and time
• often lack adequate, up-to-date supporting documentation
• may not easily run on new hardware, and the old hardware and parts needed for maintenance may become obsolete
• are not usually based on user-friendly interfaces such as Microsoft Windows or Apple's Mac OS
• tend to use software written in older computer languages, and fewer programmers are available for maintenance
• are often difficult to modify to make them Web-based or user-friendly

- become difficult to integrate when companies merge or acquire other com- panies, in which case consolidating subsidiary company information into one set of financial statements and reports can involve many manual and error-prone steps

Organizations do not always completely replace legacy systems with newer hardware and software systems, but they often try to use new technology to enhance the existing systems. One approach is to use screen scrapers, or front- ware, which add modern, user friendly screen interfaces to legacy systems. A second approach to upgrading is to use software that bridges legacy systems to new hardware and software systems and interfaces. These interface bridges are called enterprise application integration, or EAI. EAI is a set of processes, software and hardware tools, methodologies and technologies to integrate software systems. The third method is complete replacement of legacy systems

MODERN, INTEGRATED SYSTEMS

In today's AIS environment, numerous accounting software systems are available for purchase that integrates many or all of the business processes within an organization. A fully integrated ERP or AIS system has the following advantages:
- Is more efficient, as information is entered once and processed throughout the system
- Reduces errors caused by redundant entry in non integrated legacy systems
- Faster to implement and generally lower cost as compared to legacy systems
- Utilizes current technology (hardware and operating systems)
- More easily integrates with other software and systems

Question 2.   SO 3   Client server computing systems

Describe the main characteristics of client-server computing systems.

Answer:
This scenario is an example of client-server computing, and it exhibits the main characteristics of client server systems. Those characteristics are as follows:

1. Client and server computer are networked together.
2. The system appears to users to be one integrated   whole.
3. Individual parts of processing are shared between the server and client.
4. The client computer participates in the processing or data manipulation in some meaningful way.

Question 3.   SO 4   Cloud computing systems

Describe four main advantages of cloud computing systems.

Answer:

Advantages of Cloud Computing:
1. Scalability
2. Expanded access
3. Infrastructure is reduced
4. Cost savings

Question 4.   SO 6   Electronic data interchange (EDI)

Explain electronic data interchange (EDI)

Answer:
Electronic data interchange (EDI) is the intercompany, computer-to-computer transfer of business documents in a standard business format. EDI transmits purchase orders, invoices, and payments electronically between trading partners. Since transmission is electronic, the paper source documents and the manual keying of those documents are eliminated. For example, if Company A plans to purchase from Company B via EDI, Company A transmits a purchase order electronically to Company B. Company B's computer system receives and processes the order electronically. The mailing of a paper purchase order and the keying of that order by Company B has been eliminated. Therefore, we can see that EDI is a method of electronically inputting data into the accounting system

Question 5.   SO 9   Documenting Processes and Systems

Identify the term for the pictorial representations of processes and systems described in each paragraph.   Choose from the following list:

Process map
System flowchart
Document flowchart
Data flow diagram
Entity relationship diagram (ER diagram)

A _____is intended to depict the entire system, including inputs, manual and computerized processes, and outputs. They do not necessarily show details of each process, but display the overall sequence of processes and the media used for processing and storage.

_____ _____ are pictorial representations of the logical structure of databases. They identify the entities, the attributes of entities, and the relationship between entities. Some accountants find these diagrams to be an excellent tool to represent the

accounting data and entities in accounting systems because the diagrams are a simple way to analyze the complex relationships between entities in an accounting system.

A _____ shows the flow of documents and information among departments or units within an organization. These documents are usually divided into columns, each representing a department or unit of the organization. This document traces each document in a process from its origin to its final destination.

_____ are pictorial representations of business processes in which the actual flow and sequence of events in the process are presented in diagram form—the start of a process, the steps within the process, and a finish of the process.

A _____ is used by systems professionals to show the logical design of a system. The advantage of this document is that they use only four symbols and are simple to read and understand.

ANSWER:

A **system flowchart** is intended to depict the entire system, including inputs, manual and computerized processes, and outputs. They do not necessarily show details of each process, but display the overall sequence of processes and the media used for processing and storage.

Entity relationship diagrams, or ER diagrams are pictorial representations of the logical structure of databases. They identify the entities, the attributes of entities, and the relationship between entities. Some accountants find these diagrams to be an excellent tool to represent the accounting data and entities in accounting systems because the diagrams are a simple way to analyze the complex relationships between entities in an accounting system.

A **document flowchart** shows the flow of documents and information among departments or units within an organization. These documents are usually divided into columns, each representing a department or unit of the organization. This document traces each document in a process from its origin to its final destination.

Process maps are pictorial representations of business processes in which the actual flow and sequence of events in the process are presented in diagram form—the start of a process, the steps within the process, and a finish of the process.

A **data flow diagram, or DFD,** is used by systems professionals to show the logical design of a system. The advantage of this document is that they use only four symbols and are simple to read and understand.