Accounting Information Systems Controls and Processes 4th edition Turner Test Bank

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ACCOUNTING INFORMATION SYSTEMS/4e
TURNER / WEICKGENANNT/COPELAND
Test Bank: CHAPTER 1: Introduction to AIS

STUDY OBJECTIVES – Chapter 1
1. An overview of business processes
2. An overview of an accounting information system
3. The business process linkage throughout the supply chain
4. The IT enablement of business processes
5. Basic computer and IT concepts
6. Examples of IT enablement
7. The internal control structure of organizations
8. The importance of accounting information systems to accountants
9. The relation of ethics to accounting information systems

TEXTBOOK QUESTIONS: End of Chapter Questions:
SO1
1. When a company receives returned goods from a customer, the business process to accept the return would most likely be a(n):

a. Administrative process
b. Conversion process
c. Expenditure process
*d. Revenue process

SO2
2. Which of the following is least likely to be an output of the accounting information system?

a. A check
b. A report
c. An invoice
*d. A bar code

SO3
3. Which of the following is not true of the supply chain?

a. The supply chain includes vendors.
*b. The supply chain excludes customers.
c. The supply chain includes information flows.
d. The supply chain include secondary suppliers.

SO4
4. Which of the following is not an objective of IT enablement?

a. Increased accuracy of data
b. Reduced cost
*c. Reduced security problems
d. Increased efficiency

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SO5
5. The correct order of the computer data hierarchy is:

a. Byte, bit, record, field, file, database
b. Bit, byte, record, field, file, database
*c. Bit, byte, field, record, file, database
d. Bit, byte, field, record, database, file

SO5
6. The process of searching for identifiable patterns in data is called:

a. Sequential processing
b. Data warehousing
*c. Data mining
d. Real-time processing

SO6
7. An IT enabled system for purchasing that is an "invoice-less" system is called a(n):

a. Automated matching system
*b. Evaluated receipt settlement
c. E-payables
d. Point of sale system

SO7
8. The COSO report written for the purpose of assisting managers in the challenge of managing risk in their organization is entitled:

*a. Internal Control -- Integrated Framework
b. Enterprise Risk Management -- Integrated Framework
c. Corporate Governance Guidance
d. IT Governance Guidance

SO8
9. Accountants have some form of use of the AIS in all but which role?

a. User
*b. Programmer
c. Auditor
d. Designer

SO9
10. Which of the following is not true of unethical behavior?

*a. The only category of unethical behavior for accountants is inflating revenue.
b. Accountants are often pressured to help commit or cover up unethical behavior.
c. Hacking is an unethical behavior that accountants should be concerned about.
d. An accounting information system can be used to cover up unethical behavior.

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TESTBANK QUESTIONS NOT IN THE TEXTBOOK

SO1

11. A prescribed sequence of work steps preformed in order to produce a desired result for the organization is called a(n):

a. Accounting Information System
*b. Business Process
c. Financial Transaction
d. Capital Transaction Process

SO1

12. The process that must identify the transactions to be recorded, capture all the important details of the transactions, properly process the transaction details, and provide reports is termed the:

a. Revenue Process
b. Expenditure Process
*c. Accounting Information System
d. Business Process

SO2

13. An accounting information system serves many functions. Which of the following is NOT one of those functions?

a. Capture the details of a transaction
*b. Implement the start of a transaction
c. Provide reports of transactions
d. Process the transactions details into appropriate accounts

SO2

14. The proper order of activity in an accounting information system would be as follows:

*a. Capture, Record, Process, Report
b. Process, Record, Capture, Report
c. Capture, Process, Report, Record
d. Record, Capture, Process, Report

SO2

15. Which of the following is not one of the general types of business processes identified by the textbook?

a. Revenue Processes
b. Expenditure Processes
c. Conversion Processes
*d. Human Resource Processes

SO2

16. A company's _____ encompasses the tone of an organization and sets the basis for how risk is viewed and addressed by an entity's people.

*a. Internal Environment
b. Internal Controls Framework

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c. Code of Ethics
d. IT Governance Structure

SO2
17. Which of the following statements, related to business processes, is false?

*a. Each business process has a direct effect on the financial status of the organization.
b. A business process is initiated by a particular kind of event.
c. A business process has a well-defined beginning and end.
d. Each business process is usually completed in a relatively short period.

SO2
18. Which of the following is least likely to be part of an accounting information system function?

a. Record the accounting data in the appropriate records
*b. Generation of data to be part of the information system.
c. Process the detailed accounting data.
d. Report the summarized accounting data.

SO2
19. Work steps that are internal controls within the business process would include:

a. Using an electronic register to record all sales transactions.
b. Combining both manual and computer based records.
*c. Reconciling a cash register at the end of each day.
d. Preparation of internal reports to monitor the performance of a specific department.

SO2
20. Five different components of the accounting information system were presented in the textbook. Which of the following is not one of those components?

a. Work steps within a business process intended to capture accounting data as the business process occurs.
b. Work steps that are internal controls within the business process to safeguard assets and to ensure the accuracy and completeness of the data.
c. Work steps that generate both internal and external reports.
*d. Work steps to assure that all business processes are recorded using computer-based procedures.

SO2
21. Output from an accounting information system would NOT include:

a. Checks to vendors
*b. Invoices from vendors
c. Customer statements
d. Purchase orders

SO3

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22. The entities, processes, and information flows that involve the movement of materials, funds, and related information through the full logistics process, from the acquisition of raw materials to the delivery of the finished products to the end use is a set of linked activities referred to as:

a. Management Information System
*b. Supply Chain
c. Accounting Information System
d. Logistics Management

SO3
23. The organization and control of all materials, funds, and related information in the logistics process, from the acquisition of raw materials to the delivery of finished products to the end user is referred to as:

*a. Supply Chain Management
b. Management Information System
c. Logistics Management
d. IT Enablement

SO3
24. When discussing the supply chain:

a. Any concern about vendors would relate only to those vendors with which a company has direct contact.
b. Service providers would not be part of the supply chain.
c. Concern would not extend beyond the point where the product is shipped to a customer.
*d. An entity may not be able to directly control all of the interrelated activities within the supply chain.

SO3
25. Using IT systems to enhance efficiency and effectiveness of internal or supply chain processes is called:

*a. Information Technology Enablement
b. Information Systems Control
c. Information Technology Process Engineering
d. Information Technology Business Processes

SO4
26. The purposeful and organized changing of business processes to make them more efficient is referred to as:

a. Information Technology Engineering
b. Information Systems Management
*c. Business Process Reengineering
d. Business Process Supply Chain

SO4
27. The use of BPR (Business Process Reengineering) is twofold: (1) Aligns business processes with the IT systems used to recorded processes and, (2):

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*a. Improves the efficiency and effectiveness of these processes
b. Reduces the cost of these processes
c. Enhances the usefulness of these processes
d. Increases the accuracy of the process

SO5
28. The smallest unit of information in a computer system can have only one of two values, zero or one, and is referred to as a(n):

a. Field
b. Record
c. Byte
*d. Bit

SO5
29. A unit of storage that represents one character is referred to as a:

*a. Byte
b. Bit
c. Bat
d. Field

SO5
30. Which of the following statements is false?

a. A data warehouse is an integrated collection of enterprise-wide data that generally includes multiple years of nonvolatile data
*b. When performing month end close and preparing monthly financial statements, an accountant would typically run reports from information stored in the company's data warehouse.
c. Data in a data warehouse is used to support management in decision making and planning
d. Data mining is the process of searching data within the data warehouse for identifiable patters than can be used to predict future behavior.

SO5
31. A set of related fields is referred to as a:

a. File
*b. Record
c. Byte
d. Binary Digit

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SO5
32. Each record is made up of related:

a. Files
b. Bytes
c. Name
*d. Fields

SO5
33. A collection of data stored on a computer in a form that allows the data to be easily accessed, retrieved, manipulated, and stored is referred to as a(n):

a. Accounting Information System
b. Information Technology
*c. Database
d. Master File

SO5
34. A collection of data stored in several small two-dimensional tables that can be joined together in many varying ways to represent many different kinds of relationships among the data is referred to as a(n):

a. Database
b. Master File
*c. Relational Database
d. Relation Based Accounting Software

SO5
35. Accounting software traditionally uses two different types of files. The file type that is relatively permanent and used to maintain the detailed data for each major process is a(n):

a. General Ledger
*b. Master File
c. Transaction File
d. Subsidiary File

SO5
36. Accounting software traditionally uses two different types of files. The file type that is the set of relatively temporary records that will be process to update the permanent file is referred to as a(n):

a. Master File
b. General File
*c. Transaction File
d. Subsidiary File

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SO5
37. The chart of accounts would be a good example of a:

a. Transaction File
*b. Master File
c. Field
d. Record

SO5
38. The organization of files in a computer system normally uses one of two different access methods. The access method where the files store records in sequence, with one record stored immediately after another, is referred to as:

a. Chronological Access
*b. Sequential Access
c. Random Access
d. Numerical Access

SO5
39. The organization of files in a computer system normally uses one of two different access methods. The access method where the files are not stored in sequence, one record not stored immediately after another, is referred to as:

a. Indexed Access
b. Batch Access
c. Sequential Access
*d. Random Access

SO5
40. There are two modes of processing transactions in accounting systems. The mode that requires all similar transactions be grouped together and be processed at the same time, is referred to as:

*a. Batch Processing
b. Online Processing
c. Real-time Processing
d. Sequential Processing

SO5
41. There are two modes of processing transactions in accounting systems. The mode that will record transactions, one at a time, is referred to as:

a. Batch Processing
*b. Online Processing
c. Real-Time Processing
d. Sequential Processing

SO5

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42. A type of online processing where a transaction is processed immediately so that the output is available immediately is termed:

a. Virtual Processing
b. Sequential Processing
*c. Real-Time Processing
d. Batch Processing

SO5
43. An integrated collection of enterprise-wide data that includes five to ten fiscal years of non-volatile data, used to support management in decision making and planning is referred to as:

a. Operational Database
b. Relational Database
c. Data Storage
*d. Data Warehouse

SO5
44. This type of database contains the data that are continually updated as transactions are processed and includes data for the current fiscal year and supports day-to-day operations is referred to as a(n):

a. Data Warehouse
b. Data Storage
c. Relational Database
*d. Operational Database

SO5
45. The data in the data warehouse are said to be enterprise-wide because:

a. The data relate to all areas of the business.
*b. The data are pulled from each of the operational databases and maintained in the data warehouse for many fiscal periods.
c. All areas of the business are able to access the data warehouse.
d. All transactions across the all areas of the business are recorded in the data warehouse.

SO5
46. The process of searching data within the data warehouse for identifiable patterns that can be used to predict future behavior is referred to as:

*a. Data mining
b. Data digging
c. Data housing
d. Data querying

SO5
47. Two or more computers linked together to share information and / or resources is referred to as a(n):

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a. Computer Intranet
b. Computer Internet
c. Computer System
*d. Computer Network

SO5
48. This type of computer network spans a relatively small area, often confined to a single building or group of buildings, and is intended to connect computers within an organization.

*a. Local Area Network
b. Land Arena Network
c. Extranet
d. Internet

SO5
49. The global computer network, or "information super highway," is the:

a. WAN
b. Intranet
*c. Internet
d. LAN

SO5
50. A company's private network, accessible only to the employees of that company is the:

a. WAN
*b. Intranet
c. Internet
d. LAN

SO5
51. This computer network is similar to a company's intranet except that it does allow access to selected outsiders, such as buyers, suppliers, distributors, and wholesalers.

a. Ultranet
b. Internet
*c. Extranet
d. LAN

SO5

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52. A contemporary type of computer infrastructure that is used by an increasing number of companies involves the use of shared services, software, and/or data stored on servers at a remote location, which are accessible over a network, is referred to as:

a. Database
*b. Cloud Computing
c. Internet
d. Relational Internet

SO6
53. The use of electronic means to enhance business processes is termed:

*a. E-business
b. Electronic data interchange
c. Point of sale system
d. E-commerce

SO6
54. The intercompany, computer-to-computer transfer of business documents in a standard business format is called:

a. E-business
b. E-commerce
c. Local area network
*d. Electronic data interchange

SO6
55. Which of the following is not an example of IT enablement?

a. Point of Sales Systems
b. Automated matching
*c. Business Proecess Rengineering
d. Electronic Data Exchange

SO6
56. Which of the following is NOT one of the three components of electronic data interchange?

*a. Commerce: encompasses all forms of electronic trading
b. Intercompany: two or more companies conducting business electronically
c. Standard business format: necessary so that the various companies can interact and trade electronically
d. Computer to computer: indicates that each company's computers are connected via a network

SO6

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57. This term refers to a system of hardware and software that captures retail sales transactions by standard bar coding.

a. E-business
b. Electronic data interchange
*c. Point of sale system
d. E-commerce

SO6
58. When a point of sale system is used and a customer checks out through a cash register, which of the following processes occur?

a. Net income is computed
*b. Inventory values are updated
c. Accounts payable balances are updated
d. Replacement inventory is purchased

SO6
59. A system of computer hardware and software in which the software matches an invoice to its related purchase order and receiving report is called:

a. Point of sale system
b. Electronic data interchange
*c. Automated matching
d. Evaluated receipt settlement

SO6
60. An invoice-less system in which computer hardware and software complete an invoice-less match that is a comparison of the purchase order with the goods received is termed:

*a. Evaluated receipt settlement
b. Automated matching
c. Electronic invoice presentation and payment
d. Enterprise resource planning

SO6
61. This system enables a vendor to present an invoice to its trading partner via the internet, eliminating the paper, printing, and postage costs of traditional paper invoicing.

a. Evaluated receipt settlement
*b. Electronic invoice presentation and payment
c. Automated matching
d. Electronic data interchange

SO6

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62. A multi-module software system designed to manage all aspects of an enterprise usually broken down into modules such as financials, sales, human resources, and manufacturing, is referred to as a(n):

a. Electronic data system
b. Electronic data interchange
*c. Enterprise resource planning
d. Electronic resource program

SO7
63. Management has the responsibility, and the ability, to take action to reduce risks or to lessen the impact al nearly all risks an organization faces. The steps taken by management to lessen the risk or reduce the impact of the risk, are referred to as:

a. Programs
b. Risk assessment
c. Information evaluation
*d. Controls

SO7
64. IT Controls can be divided into two categories, general controls and application controls. Which of the following is an example of a general control?

a. The alignment of a company's IT strategy with its business strategy
*b. The use of passwords to allow only authorized users to log into an IT-based accounting system
c. The use of an elaborate set of checks and balances whereby a company's leadership is held accountable for building shareholder value
d. A company performing background checks on employees of its IT department

SO7
65. Which of the following groups of professionals within an organization have a history of designing and implementing the controls to lessen risks?

a. Management
*b. Accountants
c. Human Resources
d. Lawyers

SO7
66. Which of the following is not one of broad categories of controls?

a. The risk that assets will be stolen or misused.
b. The risk of errors in accounting data or information.
*c. The risk of loss due to a natural disaster.
d. The risk of fraudulent activity by employees.

SO7
67. Which of the following is not a risk inherent in an IT system?

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a. Computer security breaches
*b. Computers being stolen
c. Erroneous input of data
d. Hardware or software failure

SO7
68. A comprehensive report on enterprise risk management was issued by this organization.

a. American Accounting Association
b. New York Stock Exchange
c. Institute of Internal Auditors
*d. Committee on Sponsoring Organizations

SO7
69. A process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives is referred to as:

a. Enterprise resource planning
*b. Enterprise risk management
c. IT system control structure
d. Corporate governance structure

SO7
70. In order to achieve the objective of managing risk, management should establish control structures that include, at a minimum:

a. Accounting internal controls.
b. Accounting internal controls, IT controls, corporate governance, enterprise risk management, and IT governance.
*c. IT controls, IT governance, corporate governance, and accounting internal controls.
d. IT controls and accounting internal controls.

SO7
71. The company's development and adherence to this should reduce the opportunities for managements or employees to conduct fraud.

*a. Code of ethics
b. Internal control structure
c. Application controls
d. Corporate governance

SO7

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72. The COSO report, Internal Controls -- Integrated Framework, identified interrelated components of internal control. Which of the following is not one of those components?

a. Monitoring
b. Risk assessment
c. Control activities
*d. Enterprise risk management

SO7
73. IT controls can be divided into two categories. Which of the following is a correct statement of one of those categories?

a. Application controls apply overall to the IT accounting system.
b. Application controls apply to the prevention of erroneous or incomplete input or processing of data.
*c. Application controls are used specifically in accounting applications to control inputs, processing, and output.
d. Application controls are used to prohibit fraudulent financial reporting.

SO7
74. _____ is accomplished through ongoing management activities, separate evaluations, or both.

a. Control activities
b. Risk Assessment
c. Risk Response
*d. Monitoring

SO7
75. An elaborate system of checks and balances, whereby a company's leadership is held accountable for building shareholder value and creating confidence in the financial reporting processes, is referred to as:

a. Enterprise risk management
*b. Corporate governance
c. Application controls
d. Internal control structure

SO7
76. The purpose of this 2002 act was to improve financial reporting and reinforce the importance of corporate ethics.

a. Foreign Corrupt Practices Act
*b. Sarbanes-Oxley Act
c. Securities and Exchange Act
d. Treadway Act

SO7
77. Which of the following is not one of the corporate functions interrelated within the corporate governance system?

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a. Management Oversight
b. Ethical Conduct
*c. Risk Assessment
d. Financial Stewardship

SO7
78. The proper management, control, and use of IT systems are known as:

*a. IT Governance
b. IT Controls
c. IT Risk Management
d. IT Code of Ethics

SO7
79. Which of the following are not part of risk analysis?

*a. Risk management
b. Event Identification
c. Risk Response
d. Risk Assessment

SO8
80. Accountants have several possible roles related to accounting information systems. Which of the following is not normally one of those roles?

a. Auditor of an AIS
b. User of the AIS
*c. Programmer of the AIS
d. Design of the AIS

SO9
81. There are many reasons for accountants to become aware of potential unethical behaviors. Which of the following is not one of the reasons identified by the authors?

*a. Accountants are responsible for identifying unethical and illegal activities.
b. Accounts assist in developing and implementing internal control structures that should decrease the chance of unethical actions.
c. Accountants are often pressured to assist in, or cover up, unethical actions.
d. Accountants deal with assets or records that could easily tempt accountants to engage in unethical behavior.

FOR SHORT ANSWER AND ESSAY QUESTIONS REFER TO THE NEXT PAGE

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Question 1.SO 1 Types of business processes

Describe the four general types of business processes typical in organizations that were discussed in chapter 1 of the text. Describe two transaction types or transaction processes included in each business process.

Answer:

1. Revenue processes (Discussed in detail in chapter 8)
   a. Sales processes
   b. Sales return processes
   c. Cash collection processes
2. Expenditure processes (Discussed in detail in chapters 9 and 10)
   a. Purchasing processes
   b. Purchase return processes
   c. Cash disbursement processes
   d. Payroll processes
   e. Fixed asset processes
3. Conversion processes (Discussed in detail in chapter 11)
   a. Planning processes
   b. Resource management processes
   c. Logistics processes
4. Administrative processes (Discussed in detail in chapter 12)
   a. Capital processes
   b. Investment processes
   c. General ledger processes

Question 2.SO2 Overview of Accounting Information Systems - Real World

One of the real word examples in chapter 1 discussed a recent trend in the fast food restaurant industry where remote order-taking is completed at a drive-through window. In the case of McDonald's, an experimental order-taking center takes drive-through orders for several different McDonald's locations.

Describe how this real world example relates to each of the components of an accounting information system.

Answer: Answers will vary. The following was discussed in the chapter.

Accounting information system comprises the processes, procedures, and systems that capture accounting data from business processes; record the accounting data in the appropriate records; process the detailed accounting data by classifying, summarizing, and consolidating; and report the summarized accounting data to internal and external users.
The accounting information system has several components. The following example from McDonalds lists each component of the accounting information system.

1) Work steps within a business process intended to capture accounting data as that business process occurs.
   - When McDonald's employees greet a customer at the cash register, they have several work steps to complete a sale, some of which are accounting related and some of which are not. Greeting the customer with a smile may be an important

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step, but it has no impact on accounting records. However, using the touch screen at the cash register to conduct the sale does have an accounting effect: sales amounts in the sales records should be increased and cash amounts in cash records should be increased.

2) The manual or computer-based records to record the accounting data from business processes
    - As is true of most companies, McDonald's has a system of computers and computer processes to record the appropriate data from the sale process. These systems usually have a combination of manual and computerized steps. For McDonald's, the manual process is that a person must operate the cash register. The remainder of the McDonald's system is computer-based, and the computer records the sale and all related data.

3) Work steps that are internal controls within the business process to safeguard assets and to ensure accuracy and completeness of the data
    - As mentioned before, the requirement that a manager closes and reconciles the cash register at the end of the day is an example of an internal control within the sales processes.
4) Work steps to process, classify, summarize, and consolidate the raw accounting data
    - For example, sales at each McDonald's franchise must be summarized and consolidated into a single total of sales revenue to be reported on the income statement. At McDonald's, these steps are accomplished by the computer system and the accounting software. In some companies, there may be manual or handwritten accounting records, although currently most organizations use IT systems to conduct some or all of the accounting recording and summarizing processes.
5) Work steps that generate both internal and external reports.
    - McDonald's needs many types of internal reports to monitor the performance of individual franchise locations and regions. In addition, year-end external financial statements such as the income statement, balance sheet, and statement of cash flows must be prepared for external users.

These five components are part of any accounting information system but are likely to be applied differently in different business organizations. Exhibit 1-1 provided an overview of an accounting information system:

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Question 3.SO3 Supply Chain

Explain the term supply chain and identify the organizations or individuals that would be part of a supply chain for a company that produces products for sale.

Answer: Supply Chain - processes and information flows that involve the movement of materials, funds, and related information through the full logistics process, from the acquisition of raw materials to the delivery of finished products to the customer or end user. The supply chain includes all:

- Vendors
- Service providers
- Customers
- Intermediaries

Question 4.SO4 IT Enablement

Explain the term IT enablement and identify three objectives of adding IT enablement to an organization.

Answer: IT ENABLEMENT OF BUSINESS PROCESSES: Information technology is defined as the computers, ancillary equipment, software, services, and related resources as applied to support business processes.

IT enablement to support business processes accomplishes one or more of the following objectives:

1. Increased efficiency of business processes
2. Reduced cost of business processes
3. Increased accuracy of the data related to business processes

Any business process has the potential to be improved by IT enablement. In many cases, using IT to enable processes leads to a completely different approach to those processes. Applying IT to business processes is an opportunity to "think outside the box" and consider completely different methods for business processes. This concept of revising processes as IT enabling occurs is called business process reengineering.

Question 5. SO4 IT Enablement and Business Process Reengineering

Explain the term Business Process Reengineering (BPR) and identify BPR's relationship to IT enablement at an organization.

Answer: Business process reengineering (BPR) is the purposeful and organized changing of business processes to make them more efficient. BPR not only aligns business processes with the IT systems used to record processes, it also improves efficiency and effectiveness of these processes

Question 6. SO5 IT Enablement and Business Process Reengineering

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Explain the following data structure terms and the interrelationship of the terms in an accounting information system.

Bit, or binary digit
Byte
Field
Record
File
Database

Answer:
Accounting data is stored in computer files, and an accountant should have some understanding of data structures in IT systems. Data is explained and organized in a data hierarchy in computer systems, as follows:

(1) Bit, or binary digit
   a. Smallest unit of information in a computer system
   b. Can only have one of two values: zero or one
(2) Byte
   a. Unit of storage represents one character
   b. One byte is made up of eight bits

(3) Field

   a. One item within a record
(4) Record
   a. Set of related fields for the same entity
(5) File
   a. Entire set of related records
(6) Database
   a. Collection of data stored on the computer in a form that allows data to be easily accessed, retrieved, manipulated, and stored

Question 7.SO5 Batch verses online or real time processing

Explain the two modes of processing transactions, batch processing and online or real time processing.

Answer:
Two modes of processing transactions:
(1) Batch processing
   a. Requires that all similar transactions be grouped together for a specified time; then this group of transactions is processed as a batch
(2) Online processing
   a. Opposite of batch processing
   b. Transactions are not grouped into batches, but each transaction is entered and processed one at a time
   c. Some online processing systems are also real-time processing systems, meaning that the transaction is processed immediately, and in real time, so that the output is available immediately

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Question 8.SO6 IT Enablement

Identify and explain three examples of IT systems that use IT enabled business processes.

Answer: Answers may include three of the following or other examples that you provided in class:
Examples of systems applied by companies today that use IT-enabled business processes:

- **E-Business**
  - the use of electronic means to enhance business processes
  - encompasses all forms of online electronic trading—consumer- based e-commerce and business-to-business transactions, as well as the use of IT for process integration inside organizations
- **Electronic Data Interchange (EDI)**
  - the intercompany, computer-to-computer transfer of business documents in a standard business format
- **Point of Sales system**
  - a system of hardware and software that captures retail sales transactions by standard bar coding. Nearly all large retail and grocery stores use POS systems that are integrated into the cash register
- **Automated Matching**
  - a computer hardware and software system in which the software matches an invoice to its related purchase order and receiving report. Traditional systems rely on a person to do this matching, whereas an automated matching system does not.
- **Evaluated receipt Settlement**
  - is an invoice-less system in which computer hardware and software complete an invoice-less match comparing the purchase order with the goods received
- **E-Payables and Electronic Invoice Presentment and Payment**
  - are both terms that refer to Web-enabled receipt and payment of vendor invoices. EIPP enables a vendor to present an invoice to its trading partner via the Internet, eliminating the paper, printing, and postage costs of traditional paper invoicing.
- **Enterprise Resource Planning Systems**
  - is a multi-module software system designed to manage all aspects of an enterprise
  - ERP software system is much more comprehensive and encompassing than traditional accounting software. ERP systems include modules to handle accounting functions, but, as previously mentioned, they also incorporate modules for manufacturing, marketing, logistics, and human resources

Question 9.SO6 IT Enablement

Define the term IT enablement and provide three examples of IT enablement in 21st century organizations. .

Answers may include three of the following or other examples that you provided in class:

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- **E-Business**
  - the use of electronic means to enhance business processes
  - encompasses all forms of online electronic trading—consumer- based e-commerce and business-to-business transactions, as well as the use of IT for process integration inside organizations
- **Electronic Data Interchange (EDI)**
  - the intercompany, computer-to-computer transfer of business documents in a standard business format
- **Point of Sales system**
  - a system of hardware and software that captures retail sales transactions by standard bar coding. Nearly all large retail and grocery stores use POS systems that are integrated into the cash register
- **Automated Matching**
  - a computer hardware and software system in which the software matches an invoice to its related purchase order and receiving report. Traditional systems rely on a person to do this matching, whereas an automated matching system does not.
- **Evaluated receipt Settlement**
  - is an invoice-less system in which computer hardware and software complete an invoice-less match comparing the purchase order with the goods received
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  - is a multi-module software system designed to manage all aspects of an enterprise
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Question 10. SO 7 IT Controls and Organizational Risks Addressed

Accountants have a long history of being the professionals within the organization who help design and implement controls to lessen risks that have an impact on the financial standing of the organization. List the four broad categories of risks described in the text that accountants design controls to mitigate.

Answer:

1. The risk that assets will be stolen or misused
2. The risk of errors in accounting data or information
3. The risk of fraudulent activity by employees, managers, customers, or vendors
4. The risks inherent in IT systems, such as

Question 11. SO 7 IT Controls and Organizational Risks Addressed

List four control risks that are inherent in an IT systems

Answer:

a. Erroneous input of data
b. Erroneous processing of data
c. Computer fraud
d. Computer security breaches
e. Hardware or software failure
f. Natural disasters that can interrupt computer system operations

Question 12. SO9 The relation of ethics to accounting information systems

List and explain three examples of potential unethical behaviors in the accounting process.

Possible Answers:

- Examples of potential unethical behaviors:
  - Fraudulent financial reporting
  - Revenue inflation
  - Expense account fraud
  - Computer fraud
  - Hacking
  - Browsing confidential data

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