Accounting Information Systems v2 1st edition Raschke Test Bank

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Chapter 1 System Basics

MULTIPLE CHOICE

1. Which of the following characteristics are consistent with the meaning of general systems theory?
   a. interacting parts, achievement of an objective
   b. operations, decision making, reports
   c. people, computing technology, controls
   d. costs, benefits

ANS: A DIF: Moderate REF: Section 1.1

2. Which of the following is not an example of a cause relating to a system problem?
   a. unclear objective
   b. objective is in dispute
   c. parts not working together
   d. missing part that is properly backed up

ANS: D DIF: Hard REF: Section 1.1

3. Which of the following would not be a part of an accounting information system?
   a. an employee time card
   b. a journal—a book of original entry
   c. a monthly petty cash count
   d. marketing employees

ANS: D DIF: Easy REF: Section 1.1

4. Which of the following statements is true?
   a. An AIS is an objective of a system.
   b. An AIS is a specific type of system.
   c. An AIS is a system in general.
   d. An AIS is not a system.

ANS: B DIF: Hard REF: Section 1.1

5. Users of an AIS are what type of component of an AIS?
   a. people
   b. processes
   c. technology
   d. Users are not a part of an AIS; they only benefit from it.

ANS: D DIF: Moderate REF: Section 1.1

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6. Which of the following is not considered an AIS component for “people”?
   a. controller
   b. inventory clerk
   c. data entry clerk
   d. executive management

ANS: D DIF: Easy REF: Section 1.1

7. Which of the following is considered the AIS component for “technology”?
   a. software to produce a general ledger
   b. paper pad used to produce Purchase Orders
   c. laptop computer to run accounting software
   d! All of the above are examples of the AIS component for technology.

ANS: D DIF: Easy REF: Section 1.1

8. Which of the following AIS component is described as tasks to get things done in the organization?
   a. people
   b. processes
   c. controls
   d. software

ANS: B DIF: Easy REF: Section 1.1

9. Which of the following AIS component is used to reduce the likelihood of something going wrong?
   a. people
   b. processes
   c. controls
   d. software

ANS: C DIF: Easy REF: Section 1.1

10. Controls are important for which of the following?
   a. people
   b. processes
   c. technology
   d. software

ANS: C DIF: Moderate REF: Section 1.1

11. Purchasing inventory is an example of which of the following AIS component?
   a. people
   b. processes
   c. controls

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d. software

ANS: B DIF: Easy REF: Section 1.1

12. The difference between data and information is that data is _____ whereas information is _____.
    a. numbers; words
    b. meaningful numbers; organized
    c. unorganized facts; organized in a meaningful way
    d! None of the above are true.

ANS: C DIF: Moderate REF: Section 1.2

13. Data can be organized by source and type; an example of type of data is:
    a. quantitative
    b. qualitative
    c. quantitative or qualitative
    d! None of the above are true.

ANS: C DIF: Easy REF: Section 1.2

14. Data can be organized by source and type, an example of source of data is:
    a. quantitative
    b. qualitative
    c. quantitative or qualitative
    d! None of the above are true.

ANS: D DIF: Easy REF: Section 1.2

15. The following statement is used to gather data on customer satisfaction: *Please rate your experience at Joe's Ristoranté on a scale of 1–10 with 1 being "not satisfied at all" and 10 being "very satisfied."* This would solicit what type of data in the response?
    a. quantitative
    b. qualitative
    c. quantitative or qualitative
    d! None of the above are true.

ANS: A DIF: Moderate REF: Section 1.2

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16. The following statement is used to gather data on customer satisfaction: *Please tell us how you liked your experience at Joe's Ristoranté today in the space provided. This* would solicit what type of data in the response?
    a. quantitative
    b. qualitative
    c. quantitative or qualitative
    d! None of the above are true

    ANS: B DIF: Moderate REF: Section 1.2

17. An example of data internal to the organization is an:
    a. employee's pay rate
    b. employee's state tax rate
    c. employee's federal tax rate
    d! All of the above are true.

    ANS: A DIF: Easy REF: Section 1.2

18. An example of an internal user of an organization's information is a(n):
    a. controller
    b. CFO
    c. Accounts Payable clerk
    d! All of the above are true.

    ANS: D DIF: Easy REF: Section 1.2

19. An example of an external user of an organization's information is:
    a. managers
    b. investors
    c. employees
    d! All of the above are true.

    ANS: B DIF: Easy REF: Section 1.2

20. For information to be useful it must be *relevant* and *understandable*. Which of the following two qualities represents the above two characteristics best, respectively?
    a. free from error or bias; includes all relevant data
    b. reduces uncertainty; intelligible to the user
    c. includes all relevant data; reduces uncertainty
    d. reduces uncertainty; free of error or bias

    ANS: B DIF: Moderate REF: Section 1.2

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21. For information to be useful it must
    a. be generated by people and controls.
    b. be in time to affect decisions.
    c. increase uncertainty.
    d. be processed on online real time systems.

    ANS: B DIF: Moderate REF: Section 1.2

22. Management was unable to take advantage of a discount on equipment because the month-end financials took more than two months to complete (e.g., July month end was completed October 1). This is an example of information that is not:
    a. reliable
    b. timely
    c. understandable
    d. relevant

    ANS: B DIF: Hard REF: Section 1.2

23. The warehouse was unable to ship an order to a customer because there was no shipping address. This is an example of information that is not:
    a. reliable
    b. timely
    c. relevant
    d. complete

    ANS: D DIF: Hard REF: Section 1.2

24. A manager using a report at month end incorrectly calculated the bad debt expense because the report, which included all the information, did not clearly reflect who was past due more than ninety days. This is an example of information that is not:
    a. reliable
    b. timely
    c. relevant
    d. understandable

    ANS: D DIF: Hard REF: Section 1.2

25. How do we determine the value of accounting information?
    a. by its benefit minus cost
    b. by its relevance and completeness
    c. by its timeliness and reliability
    d. it can't be determined

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ANS: A DIF: Easy REF: Section 1.2

26. Which one of the following individuals or groups needs and uses accounting information?
    a. Managers who make decisions.
    b. Auditors who support numbers in financial statements.
    c. Investors who buy or sell a security.
    d! All of the above are true.

ANS: D DIF: Easy REF: Section 1.2

27. Which of the following statements on the value of information is true?
    a. Useful information is value of information.
    b. Reliable information is value of information.
    c. Cost to produce information is value of information.
    d. Information that is not costly is used to improve decisions.

ANS: D DIF: Hard REF: Section 1.2

28. Which of the following is considered an external user of an AIS?
    a. Bankers who determine whether or not to make a loan.
    b. Auditors who support numbers in financial statements.
    c. Investors who buy or sell a security.
    d! All of the above are true.

ANS: D DIF: Easy REF: Section 1.2

29. What can organizations do with the effect of technology on an AIS?
    a. create encrypted transactions
    b. "mine" unstructured data
    c. access data across traditional boundaries
    d! All of the above are true.

ANS: D DIF: Easy REF: Section 1.3

30. A benefit of an enterprise resource planning system (ERP) is
    a. it increases complexity.
    b. data is kept in a centralized database.
    c. it requires a professional to maintain it.
    d! All of the above are true.

ANS: B DIF: Moderate REF: Section 1.3

31. An accounting system draws its boundaries on organizational activities by including which of the following?
    a. external activities with creditors

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b. external activities with customers and vendors
c. internal activities only
d. both external and internal activities

ANS: D DIF: Easy REF: Section 1.4

32. Which of the following statements relating to knowledge of fundamental AIS is true?
a. Auditors rely on fundamental knowledge of AIS to reduce costs and protect themselves from "fraudulent management."
b. Tax accountants rely on fundamental knowledge of AIS to extract relevant transactions for client planning and preparational purposes.
c. Consultants rely on fundamental knowledge of AIS to help clients solve system problems.
d! All of the above are true.

ANS: D DIF: Easy REF: Section 1.4

COMPLETION

33. _____ are tasks that people perform to get things done in an organization.

ANS: Processes DIF: Moderate REF: Section 1.1

34. _____ are used to reduce the likelihood that something will go wrong.

ANS: Controls DIF: Moderate REF: Section 1.1

35. Not paying employees on time is a system _____.

ANS: problem DIF: Easy REF: Section 1.1

36. _____ is a characteristic of useful information that is considered "free of error or bias."

ANS: Reliable DIF: Moderate REF: Section 1.2

37. _____ is a characteristic of useful information that is considered to reduce uncertainty.

ANS: Relevant DIF: Moderate REF: Section 1.2

38. _____ is a characteristic of useful information that is considered to include all relevant information.

ANS: Complete DIF: Moderate REF: Section 1.2

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39. _____ is a characteristic of useful information that is considered "intelligible to the user."

ANS: Understandable DIF: Moderate REF: Section 1.2

40. _____ is a characteristic of useful information that is considered in time to make decisions.

ANS: Timely DIF: Moderate REF: Section 1.2

41. Many organizations develop _____ to integrate data from all aspects of the operations into one centralized database.

ANS: ERP systems DIF: Easy REF: Section 1.2

42. Auditors, investors, and creditors are considered _____ users of accounting information.

ANS: outside DIF: Easy REF: Section 1.2

43. Managers and employees are considered _____ users of accounting information.

ANS: inside DIF: Easy REF: Section 1.2

ESSAY

44. According to the general systems theory, a *system* is defined as what?

ANS:
A framework of intersecting parts that work together to achieve an objective.

DIF: Moderate REF: Section 1.1

45. With a system perspective in mind, define a system problem using simple language.

ANS:
When a system is not or unable to meet its objective.

DIF: Moderate REF: Section 1.1

46. Is it considered a system problem when an organization files its tax returns late and receives a late penalty? Why or why not?

ANS:

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When an organization files its tax returns late and receives a late penalty. This is a system problem because an organization needs to provide its reports on a timely basis.
It appears that some of the parts are not working properly such as the tax planning function or the tax preparers themselves.

DIF: Hard REF: Section 1.1

47. What are the two most common systems problems accountants contend with in an organization?

ANS:
Accountants most commonly contend with errors (unintentional mistakes) and irregularities (deliberate misstatements).

DIF: Moderate REF: Section 1.1

48. What are the four components of an AIS?

ANS:
People, process, technology, and controls.

DIF: Moderate REF: Section 1.1

49. Explain the difference between data and information.

ANS:
Information is data organized in a meaningful way.

DIF: Moderate REF: Section 1.2

50. What are the two different sources of data from an organization?

ANS:
Internal and external sources.

DIF: Easy REF: Section 1.2

51. What are the two types of data?

ANS:
Quantitative and qualitative.

DIF: Easy REF: Section 1.2

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52. How would you collect qualitative data from an employee to measure satisfaction?

ANS:
Use an open-ended question that asks for feedback, such as: "How satisfied are you in your current job? Please write your response below."

DIF: Hard REF: Section 1.2

53. How would you collect quantitative data from an employee to measure satisfaction?

ANS:
Use a question that asks for a quantitative rating scale, such as: "On a scale of 1–5, with 1 being not very satisfied and 5 being very satisfied; How satisfied are you in your job?"

DIF: Hard REF: Section 1.2

54. What are the five characteristics of useful information?

ANS:
Relevant, reliable, complete, timely, and understandable.

DIF: Easy REF: Section 1.2

55. Accounting job opportunities are varied; for example, you can get a job in public accounting, work for a company, work for the government, or be an entrepreneur. What do these varied career choices have in common?

ANS:
What these career choices have in common is the need to understand how information is captured and how it flows to the financials of the organization.

DIF: Moderate REF: Section 1.4

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