



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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University Examinations 2018/2019

SECOND YEAR SPECIAL/SUPPLEMENTARY EXAMINATIONS FOR DEGREE OF
BACHELOR OF SCIENCE IN INFORMATION TECHNOLOGY AND BACHELOR OF
TECHNOLOGY IN COMPUTER TECHNOLOGY

CIT 3204: ACCOUNTING INFORMATION SYSTEMS

DATE: SEPTEMBER 2019

TIME: 2 HOURS

INSTRUCTIONS: Answer Question ONE and any other TWO questions.

QUESTION ONE (30 MARKS)

- a) Certain employees will always be placed in positions of trust, for example accountant, finance managers and information systems managers. Such employees can therefore, compromise the security of information systems if they so wish. Explain three control measures that an organization should institute over these employees to guarantee the security of the accounting information systems. (10 Marks)
- b) BAC Ltd operates a computerized accounting system and has realized the system has audit trail feature. Explain to the management of BAC Ltd what an audit trail is and enumerate the purpose of audit trail in computerized accounting information system. (5 Marks)
- c) What is bank reconciliation and what is the importance of bank reconciliation in an accounting information system. (5 Marks)
- d) Discuss the importance and advantages of database systems. (10 Marks)

QUESTION TWO (20 MARKS)

- a) Discuss any four factors which one needs to consider in deciding whether to develop a customized accounting software or to purchase an off the shelf Accounting software such as quick books. (8 Marks)
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- b) 'Unlike a manual accounting system, computerized accounting software does not permit errors'. Comment on the accuracy of this statement. (6 marks)
- c) How can computer audit software be useful in the audit of an Accounting Information Systems (6 Marks)

QUESTION THREE (20 MARKS)

- a) Giving examples, discuss how information technology is revolutionizing the accounting function and what accountants do Contrast accounting tasks before and after the "information technology revolution". (12 marks)
- b) Explain the ways in which a company can detect and deter employee and managerial fraud. (8 Marks)

QUESTION FOUR (20 MARKS)

- a. There are seven basic activities in the payroll cycle. Discussing them, explain how information technology can help improve them. (10 marks)
- b. Explain the types of security errors and fraud faced by companies highlighting how to control them. (10 Marks)

QUESTION FIVE (20 MARKS)

- a) The general manager of a large organization has asked you to draw up a document identifying ten important accounting information system characteristics against which managers can evaluate the success of the system together with a brief explanation of each. What would your document contain? (10 Marks)
- b) Discuss the basic principles of control should be applied to systems development in order to reduce the potential for cost overruns and project failure and to improve the efficiency and effectiveness of the Information System (10 Marks)

