PART I: Multiple-Choice Questions (50%)

1. All of the following are input documents for the production process, except:
   (1) A master production schedule
   (2) A production order
   (3) A material requirements planning document
   (4) A bill of materials

2. The primary objective in processing revenues is to:
   (1) Sell as many goods as possible
   (2) Achieve timely and efficient cash collection
   (3) Maximize an organization’s sales orders
   (4) Only sell goods to customers who can pay their bills

3. Which of the following is not an objective of the purchasing process?
   (1) Inventory control
   (2) Fastest possible processing of payments to vendors
   (3) Maintaining vendor records
   (4) Forecasting cash outflows

4. All of these are terms normally associated with data flow diagrams except:
   (1) Context diagram
   (2) Physical DFD
   (3) Logical DFD
   (4) Pseudocode DFD

5. The task of providing greater detail in successive levels of data flow diagrams is called:
   (1) Contexting
   (2) Detailing
   (3) Decomposition
   (4) Pyramiding

6. Which of the following is not an example of a source document?
   (1) Receiving report
   (2) Purchase order
   (3) Sales order
   (4) Aging report

7. When creating system flowcharts, the requirement that a processing symbol should always be placed between an input symbol and an output symbol is know as the:
   (1) Processing rule
   (2) Input/output rule
   (3) Sandwich rule
   (4) Cycle rule
8. The term “spoofing” refers to:
   (1) Computer hijacking
   (2) Kidding
   (3) Posing as a legitimate computer user
   (4) Distributing junk mail

9. Operational accounting focuses on:
   (1) Audit trails
   (2) Information overload
   (3) Business processes
   (4) Reengineering

10. Through-the-computer auditing uses all of the following except:
    (1) Confirmation sampling
    (2) Test data
    (3) Tests of program authorization
    (4) Embedded audit modules

11. Three common techniques auditors use to test computer programs are:
    (1) Test data, integrated test facilities, and parallel simulation
    (2) Test data, edit checks, and integrated test facilities
    (3) Test data, program change control, and parallel simulation
    (4) Program change control, edit checks, and parallel simulation

12. The purpose of a company firewall is to:
    (1) Guard against spoofing
    (2) Assist the IETF
    (3) Deny computer hackers access to sensitive data
    (4) all of the above

13. The term data encryption refers to:
    (1) Storing data in safe places called “cprotects”
    (2) Transforming data into secret codes
    (3) Scrambling data in random ways that cannot be unscrambled
    (4) none of these

14. Well written documentation plays a key role in:
    (1) Reducing system failures
    (2) Increasing time spent correcting errors
    (3) Increasing time spent modifying programs
    (4) Increasing time spent by auditors to follow data flows

15. Fault-tolerant systems are typically based on the concept of:
    (1) Redundancy
    (2) Consistency
    (3) Materiality
    (4) Fairness
16. Which of the following is *not* a processing control?
   (1) Record counts
   (2) Control totals
   (3) Hash totals
   (4) Check digits

17. Regarding the internal audit function, which of the following statements is true?
   (1) Since many internal auditors have accounting backgrounds, the internal audit function should ideally be included within a company's accounting subsystem
   (2) It is not proper for internal auditors to perform a fraud investigation within any part of their company's system
   (3) Because of the independence of external auditors, they should never accept previous work of evaluating controls performed by a company's internal auditors
   (4) Within a company's system, it is preferable to establish the internal audit function as a separate subsystem

18. Assume that a company designs and implements a control procedure whereby the accountant that is responsible for recording cash receipts transactions does not have access to the cash itself. This control procedure is an example of a:
   (1) Detective control
   (2) Preventive control
   (3) Corrective control
   (4) Feedback control

19. Which of these is a data query language?
   (1) DML
   (2) SQL
   (3) DDL
   (4) JPG

20. The process of *data normalization* refers to:
   (1) Eliminating data errors and other problems from "normal data"
   (2) Scaling data to values between zero and one
   (3) Storing data in normal storage media such as hard disks
   (4) none of these
Part II  Explain and draw 50%

1. Jack building Supplier Company operates six wholesale outlets that sell roofing materials, electrical and plumbing supplier, lumber, and other building material to general contractors in a large metropolitan area. The company is studying the feasibility of introducing a guaranteed same-day delivery plan, under which it by noon of that day. For order received in the afternoon, delivery would be guaranteed by 8 A.M. the next day. The company believes that this system would give it a substantial competitive advantage relative to other regional building wholesalers because it would enable contractors to maintain smaller inventories yet still be assured of having building suppliers when needed.

   You have been asked to have design the proposed system. It will be design to receive customer orders by phone so that contractors can call from the construction site. Customers will be billed monthly for all purchases. You want to streamline the processing of cash collections and minimize the time it takes to deposit those funds in the company's bank account.

   Required questions is:
   “If you draw a proposed systems flowchart for this described, would you explain possible threats to the system, and the control procedures required in the new system to address those threats.” 10%

2. Nancy Brand Manufacturing Company makes athletic footwear. Processing of production orders is as follows: At the end of each week, the production planning department prepares a master production schedule that lists which shoe styles and quantities are to be produced during the next week. A production order preparation program accesses the above system and the operations list (stored on a permanent disk file) to prepare a production order for each shoe style that is to be manufactured. Each new production order is added to the open production order master file stored on disk.

   Each day, parts department clerks review the open production orders and the above system to determine which materials need to be released to production. All materials are bar-coded. Factory workers work individually at specially designed U-shaped work areas equipped with several machines to assist them in completely making a pair of shoes. Factory workers scan the bar code as they use materials. To operate a machine, the factory workers swipe their ID badge through a reader. This results in the system automatically collecting data identifying who produced each pair of shoes and how much time it took to make them.

   Once a pair of shoes is finished, it is placed in a box. The last machine in each work cell prints a bar-code label that the worker affixed to the box. The completed shoes are then sent to the warehouse.

   Required questions are:
   (1) Draw a data flow diagram of all operation described. 15%
   (2) Draw a system flowchart of all operation described. 15%

3. Explain following items
   (1) Functions and categories of internal control. 5%
   (2) Materials requirements planning, manufacturing resource planning, and enterprise resource planning. 5%