

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF ACCOUNTING**

**MAIN EXAMINATION 2006**

**TITLE OF PAPER: ACCOUNTING INFORMATION SYSTEMS**

**DEGREE AND YEAR: BCOM IV & BCOM V**

**COURSE NUMBER: COM 401/AC 507**

**TIME ALLOWED: TWO (2) HOURS**

**INSTRUCTIONS: 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)**

**2. THE CASE STUDY SECTION (A) IS COMPULSORY**

**3. ANSWER ANY TWO QUESTIONS FROM SECTION B.**

**Note MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK**

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.**

## **SECTION A: CASE STUDY**

The headquarters of Time Corporation, a private company with E 1.5 Million in annual sales is located in Mbabane. Time provides for its 150 clients an on-line legal software service that includes data storage and administrative services for law offices. The company has grown rapidly since its inception three years ago, and its data processing department has mushroomed to accommodate this growth. Because Time's president and personnel spend a great deal of time out of the office soliciting new clients, the planning of the EDP facilities has been left to the data processing professionals.

Time recently moved its headquarters facility into a remodelled warehouse on the outskirts of the city. While remodelling the warehouse, the architects retained much of the original structure including the wooden exterior and the exposed wooden beams throughout the interior. The minicomputer distributive processing hardware is situated in a large open area with high ceilings. This openness makes the data processing area accessible to the rest of the staff and encourages a team approach to problem solving. Before Time began to occupy the new facility, city inspectors declared the building safe (i.e., adequate fire extinguishers, sufficient exits, etc.).

In an effort to provide further protection for its large database of client information, Time has instituted a tape backup procedure that is on a time delay mechanism and automatically backs up the database weekly, every Sunday evening, avoiding interruptions in the daily operations and procedures. All the tapes are then labelled and carefully stored on shelves reserved for this purpose in the data processing department. The departmental operator's manual has instructions on how to use these tapes to restore the database should the need arise. In the event of an emergency there is a home phone list of the individuals in the data processing department. Time has recently increased its liability insurance for data loss from E 40,000 to the current E 80,000.

The past Saturday the Time headquarters was completely ruined by fire and the company must now inform its clients that all their information has been destroyed.

### **Questions:**

- a) Describe the computer security weaknesses present at Time that made it possible for a disastrous data loss to occur. (15)
- b) Discuss the components that should have been included in a disaster recovery plan at Time in order to ensure computer recovery within 72 hours. (15)
- c) What factors other than those included in the plan itself should a company consider when formulating a disaster recovery plan? (10)
- d) Discuss strategies that such an organization could use to protect its database from various types of disasters. (10)

**SECTION B:**

**ANSWER ANY TWO QUESTIONS FROM THIS SECTION**

**QUESTION 1**

- a) Explain fully how a revenue collecting government agency could assess the risks it is exposed to and the measures you would advise such a department to adopt to curb the risks. (15)
- b) Why would it be difficult to maintain adequate control for such a revenue department's computerised information system? (10)

**QUESTION 2**

- a) Why would it be essential to maintain adequate control of the data inputs, processing and outputs for the general ledger and financial reporting system of an organization? (10)
- b) Discuss the general controls that would be necessary to ensure adequate control of expenditure for an organization such as the University of Swaziland. (15)

**QUESTION 3**

A newly established management consultancy firm approaches you for advice on the best computer based audit technique between the auditing with the computer technique and the auditing through the computer technique. Advise the organization on the technique you prefer, giving justification for your answer. (25)