UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

SUPPLEMENTARY EXAMINATION 2013

TITLE OF PAPER: ACCOUNTING INFORMATION SYSTEMS

PROGRAM: BCOM 4 (FULL TIME)

BCOM 3 (FULL TIME)

BCOM 5 (IDE)

COURSE CODE: COM401/COM301/ IDE COM 401

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)
2. THE CASE STUDY SECTION (A) IS COMPULSORY
3. ANSWER ANY THREE 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

This section is compulsory.

Contrary to standard practice, a bank loan officer charged certain customers a 1 percent origination fee on commercial loans. The fee was paid by cheque, made payable to the bank. The fee was shown on the customer's loan documentation but not on the bank's copy of loan documentation.

The loan officer would then take the customer's cheque to a teller and state that the customer wanted a cashier's cheque for the same amount made payable to a certain firm. The loan officer subsequently deposited the cashier's cheque in an account established for the fictitious firm at another bank. Funds were later transferred back to the loan officer's personal account at his employer's bank.

Required:

    (a) Identify four elements of a legal definition of fraud. (10)

    (b) Describe the aspects of fraud present in the case that correspond to the elements of fraud.

                  (10)

    (c) Discuss three factors that allowed this fraud to occur. (10)

    (d) Discuss two audit procedures that would have disclosed this fraud. (10)

SECTION B

Answer any three questions from this section

Question 1

Assume that the owner of a small consulting firm is applying for a bank loan to expand her consulting practice. The bank requires an audit of the firm's financial statements to help it evaluate the loan application. What specific components of the internal control structure will be evaluated by the firm conducting the audit? (20)

Question 2

Which application controls needed in a revenue cycle procedure involving an online, computer-based system are not suitable when a batch computer-based system is employed and vice versa? (20)

Question 3

Discuss the control procedures that are necessary if a company employs a web-based purchasing system. (20)

Question 4

Discuss the implications of modular conversion in information systems development and implementation and recommend ways to deal with the problems associated with that.

(20)