



MANICALAND STATE UNIVERSITY OF APPLIED SCIENCES

FACULTY OF AGRIBUSINESS MANAGEMENT AND APPLIED SOCIAL SCIENCES

DEPARTMENT: APPLIED ACCOUNTING SCIENCES

MODULE: ACCOUNTING INFORMATION SYSTEMS

CODE: ACCT 416

SESSIONAL EXAMINATIONS

DECEMBER 2023

DURATION: 3 HOURS

EXAMINER: MR L MUDZENGERERE

INSTRUCTIONS

- 1. Answer **All** questions*
- 2. This question paper contains 5 questions*
- 3. Each question carries 20 marks*

Question one [20 marks]

LDM Private Limited reportedly lost more than US\$1000 000 to its employee who allegedly inflated salaries to swindle the institution. Mr Madhonza was employed at the form for more than 7 years as the salaries and benefits administrator and would allegedly inflate two salaries which were deposited into his bank account. Madhonza's duties included entering data into the master file, payroll system and capturing workers' information, running the payroll, among others. It is alleged that he manipulated the salary payment system and produced inflated salary requests.

The Company would allegedly in turn authorise the deduction of the money to meet the salary request believing the figures were true and genuine between September 2010 and March 2016. Madhonza used his bank aaccount number 9999999080098964 where he had his salary of US\$66200and inflated salary of US\$280 000 per month were entered. Mr. Madhonza did not take any leave. As a result, the university suffered a prejudice of more than US\$1312 703. This came to light after a plethora of events when Zimbabwe Revenue Authority performed a lifestyle audit this led to the " cat out of the bag" Mr. Madhonza had also fought with her wife due to his alleged extra marital affairs and she also revealed fraudulent activities of his husband as if it's not enough to reveal fraud , Madhonza' was forced to go on leave since he had accumulated a lot of leave days and the organizations could no longer pay cash in lieu of leave whilst away his bank called in order to put their big customer on priority banking and this shed light on this salary scandal . Having knowledge that his accounts were to be frozen went to his other Bank account number 233888888993 and accessed US\$40 000 000. He further made a transfer of US\$300 000 to another account before attempting to withdraw a further US\$100 000 on December 04 2016 which he failed allegedly because of Reserve Bank of Zimbabwe restrictions.

Upon, investigations it was reportedly, or it revealed that Madhonza had huge appetite of lavish lifestyle bought a House in Borrowdale brook area worth 250000 2×Toyota Landcruiser Prado worth US\$10000, Mercedes-Benz worth US\$18 845, a Toyota gd6 Buckie usd 35000. Madhonza allegedly bought houses in Marlborough, The Grange and frequently visited expensive resort areas such as Bahamas, Kariba, Vumba and Honolulu and his wife

and girlfriends had also huge appetite in spending money in dressing, make up and jewelry, they were always demanding cash.

Required

Human resources cycle is an important function in many organisations. As a prospective graduate, using the above case study, prepare a document outlining threats that can possibly affect the human resources cycle. You are also required to recommend measures that can be implemented to minimise the exposure of the threats you identified.

(20 marks)

Question two [20 marks]

“Outsourcing an accounting information system (AIS) can be beneficial to your organisation.” As a prospective graduate, discuss this assertion. (20marks)

Question three [20 marks]

- a) Discuss how the study of accounting information system (AIS) is of crucial importance to an accountant. (10 marks)
- b) The revenue cycle of any organisation can be affected by many threats. Discuss the various threats and possible exposures, recommend measures that management should implement to minimise these threats. (10 marks)

Question four [20 marks]

Company directors of L. limited has opted for a bespoke software approach.

- a) Advise the company directors who have opted for bespoke software approach. (10 marks)
- b) As a prospective graduate, you are required to present a paper on how control activities as the third internal control component help to ensure that actions are taken to address risks to the achievement of organisation’s objectives. (10 marks)

Question five [20 marks]

Respond to each of the following questions.

- a) What is the most effective control measure in processing journals in your computerised accounting information system (AIS)? (2 marks)
- b) Reasonableness checks are essential for payroll processing. What are reasonableness checks and how would you apply them? (2 marks)
- c) Identify one important tool that you recommend for cash books and the reason of your recommendation. (2 marks)
- d) How would you ensure that there are no ghost employees on the payroll? (2 marks)
Identify *any two* threats to the accuracy of accounting information. (2marks)
- e) Identify *any two* reasons why software vendors do not want the source code. (2 marks)
- f) Explain how the aging analysis would aid your organisation in effective management of debtors. (2 marks)
- g) How would you identify fraud symptoms in employees in organisation? (2 marks)
- h) Identify *any two* issues that could go wrong in implementing a computerised AIS. (2 marks)
- i) Give *one* error and *one* irregularity that can occur even if an organisation is having a good internal control? (2 marks)
- j) As a student accountant, what would you recommend an organisation to minimise threats of kickbacks? (2 marks)

END OF EXAMINATION