UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB21203
COURSE NAME	:	ACCOUNTING INFORMATION SYSTEM 1
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	27 JUNE 2026
TIME	:	9AM – 12PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **FOUR (4)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE SIX (6) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided

Question 1

(a) Segregation of duties is a critical internal control designed to minimize the risk of fraud and errors. Explain **TWO (2)** effectiveness of segregation of duties within the sales order cycle.

(4 marks)

(b) Classify the following documents within the revenue cycle:

i. Sales journal
ii. Cash receipt journal
iii. Inventory subsidiary ledger
iv. Shipping report file

(4 marks)

(c) Sales order procedures involve the transfer of assets or services from the seller to the buyer. Discuss **FIVE (5)** major tasks involved in this cycle and documents required for each.

(10 marks)

(d) Research has shown that situational pressures and opportunity are factors that contribute to fraudulent behaviour.

Required:

i. Identify **TWO (2)** situational pressures in a public company that would increase the likelihood of fraud.

(2 marks)

ii. Identify **THREE (3)** opportunity situations that would increase the likelihood of fraud.

(3 marks)

iii. Identify **TWO (2)** common rationalisations used to justify fraud.

(2 marks)

[25 marks]

Question 2

The following describes the procedures for purchases and cash disbursements of Pinky Product Garden (PPG) Sdn. Bhd. that supply wholesaler a wide range of garden products and equipment including organic fertilizers, premium flowers and grass seeds and organic pesticide. All purchases are made on credit term. PPG employs a centralised computer system with distributed terminals across its departments. Ahmad, the inventory control clerk monitors stock levels using his computer terminal to identify items that require replenishment. When the number of products that need to replenished are determined, Ahmad will prints a purchase requisition and submit it to the purchasing agent. Purchasing agent will selects a registered vendor and enters all the necessary information into the purchase order file via a terminal in the purchasing department. A hard copy of the purchase order is then printed and mailed to the chosen vendor. Finally, the purchasing agent discards the purchase requisition, as all relevant information has already been documented in the purchase order.

Upon the arrival of materials at the receiving department, the receiving clerk prints a copy of the purchase order from his terminal and compares it to the packing slip for accuracy. The clerk then manually generates a two hard copies of receiving report; one copy is forwarded to the Inventory Control department, while the other is sent to the Purchasing department. The packing slip is sent along with the inventory to the warehouse. Lastly, the receiving clerk prepares the bill of lading, which is also sent to the warehouse.

Upon receipt of the receiving report, the purchasing agent closes the digital purchase order record and adds a corresponding entry to the digital receiving report file. The purchasing agent then discards the hard copy of the receiving report, as it is no longer required. Next, the inventory control clerk updates the inventory subsidiary ledger to reflect the receipt of materials. The clerk subsequently disposes the hard copy of the receiving report.

All the vendors will submit the hard copy invoices to the accounts payable clerk, Alwani, who is a new employee at PPG. Currently her supervisor is on six months of maternity leave. When she received the invoice, she will reconciled it with the corresponding digital purchase order and receiving report to verify its accuracy and consistency. Once the verification process is completed, she determines the appropriate payment due date and records the invoice details in the vendor invoice file, which serves as the subsidiary ledger for accounts payable. The physical invoice is then properly filed within the department for documentation and audit purposes. On the designated due date, the computer system automatically generates a payment cheque, mails it directly to the vendor, closes the related invoice record to discharge the liability, and updates the payment in the Cash Disbursement file.

Required:

(a) Prepare a system flowchart for a proper purchasing system procedure.

(10 marks)

(b) Explain **THREE (3)** possible risks that associated with purchases system transaction.

(6 marks)

(c) Identify **THREE (3)** internal control weaknesses in the purchases procedures above and recommend **THREE (3)** related appropriate control procedures to the firm. Your answers should be written in the following format:

A. Weaknesses	B. Control procedures

(9 marks)

[25 marks]

Question 3

Impian Budi Bookstore Sdn. Bhd. (IBSB) is one of Malaysia's largest book distributors. Established in 2010 in Klang Selangor, IBSB was originally a side project of the founder and current Chief Operation Officer, who at the time worked at a tax firm. At the end of the first year of business, IBSB had grossed only RM30,000. The company now distributes books over 50 states and sales approaching RM20,000,000 annually. Recently, the company has experienced an unusually high level of complaints from customers regarding incorrect shipments, disputes with suppliers over incorrect inventory receipts and the general lack of audit trail information for reviewing transactions. In the perspective of an independent auditor, it is crucial to inspect the internal controls currently in place at IBSB. This audit phase focuses on the fixed assets and payroll procedures.

Fixed Assets and Payroll Procedures

In the various IBSB business departments, employees manually register their hours worked on timesheets, which they keep at their desks until Thursday every week when the manager or supervisor of their department approves them. The manager or supervisor then forwards these timesheets to Hanum, the Payroll clerk, who manually prepares a cheque for each employee's approved timesheet. She then posts to employee records and the payroll register using a laptop computer, which she allowed to take home for work purposes. A copy of the cheque is made and filed in the payroll department. The cheque is then mailed to the employee. Two payroll summaries are then printed. One is sent to the account payables department and the other is sent to the general ledger department.

Users in individual departments verbally report their fixed assets requirements to their respective managers. If the manager approves the request, he or she manually prepares and submits a fixed asset request form to the purchasing department. Upon receipt of the fixed asset request form, the purchasing department clerk manually prepares two copies of the purchase order. One copy is sent to the supplier, and one is filed in the purchasing department. Finally, the purchasing department manually prepares and sends a hard-copy fixed asset change report to the fixed asset department.

The account payables clerk receives the payroll summary and writes a cheque to the impress account for the exact amount of the payroll. When fixed assets are received, the receiving clerk reconciles the goods with the packing slip and invoice and manually prepares a receiving report. The goods are sent to the user department, while the packing slip, invoice, and receiving report are forwarded to the accounts payable department. The accounts payable clerk reconciles the documents from receiving, manually writes a cheque to the suppliers, and manually prepares a journal voucher, which she subsequently sends to the general ledger department. The general ledger clerk posts journal vouchers and payroll summaries to the digital general ledger using department personal computer (PC).

Required:

(a) Analyse the internal control weaknesses for both systems. Suggest and justify your responses to the weaknesses according to the **SIX (6)** categories of physical control activities specified in SAS 78/COSO control model.

i. Payroll System

(6 marks)

ii. Fixed Asset System

(10 marks)

(b) Prepare a data flow diagram (DFD) of the payroll and fixed asset systems in general.

(9 marks)

[25 marks]

Question 4

(a) Draw a flowchart of a 'Real Time General Ledger and Financial Reporting System' and expand the above flowchart to incorporate journal voucher listing and general ledger change report as control mechanism.

(7 marks)

(b) The operational problems inherent in the flat file approach to data management give rise to the database concept. With the aid of a diagram, discuss the differences between flat file approach and the database approach.

(8 marks)

(c) Data analytics involves the systematic computational analysis of data to discover patterns, draw conclusions, and support decision-making processes in a professional and efficient manner.

Required:

i. Elaborate **TWO (2)** types of data analytics.

(4 marks)

ii. Analyse **THREE (3)** elements of big data analytics.

(6 marks)

[25 marks]

END OF EXAMINATION PAPER