TT TEXTBOOK TESTBANKS

Test Bank for Accounting Information Systems 4th Richardson

TEST BANK SAMPLE PREVIEW

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Chapter 01 Test Bank

CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

1) Accounting and Finance is a primary activity in the value chain.
   - ⦾ true
   - ⦾ false

2) As of today, Accounting Information Systems are all computerized.
   - ⦾ true
   - ⦾ false

3) Business value includes all those items, events and interactions that determine the financial health and well-being of the firm.
   - ⦾ true
   - ⦾ false

4) The Certified Information Technology Professional (CITP) is a professional designation for those with a broad range of technology knowledge and does not require a CPA.
   - ⦾ true
   - ⦾ false

5) The Certified Information Systems Auditor (CISA) is a professional designation generally sought by those performing IT audits.
   - ⦾ true
   - ⦾ false

6) Information is defined as being data organized in a meaningful way that is useful to the user.
   - ⦾ true
   - ⦾ false

7) Data is defined as being information organized in a meaningful way that is useful to the user.
   - ⦾ true
   - ⦾ false

8) An AIS may create value by giving access to management information relevant to the decision makers.
   - ⊙ true
   - ⊙ false

9) An AIS may create value by providing an internal control structure needed to make sure the information is secure, reliable, and free from error.
   - ⊙ true
   - ⊙ false

10) Relevant information's most defining characteristic is that it is free from bias and error.
   - ⊙ true
   - ⊙ false

11) The characteristics of relevant information include predictive value, feedback value and timeliness.
   - ⊙ true
   - ⊙ false

12) A faithful representation of the underlying event should reflect the bias of the system analyst.
   - ⊙ true
   - ⊙ false

13) Information overload is defined as the difficulty a person faces in understanding a problem and making a decision as a consequence of too much information.
   - ⊙ true
   - ⊙ false

14) The main financial benefit of Customer Relationship Management practices reduces the cost of goods sold.
   - ⊙ true
   - ⊙ false

15) An efficient Enterprise System can significantly lower the cost of support processes included in sales, general, and administrative expenses.
   - ⊙ true
   - ⊙ false

16) An accounting information system (AIS) is defined as being an information system that records, processes and reports on transactions to provide financial and nonfinancial information for decision making and control.
   - ⊙ true
   - ⊙ false

17) An enterprise system is a centralized database that collects data from throughout the firm. This includes data from orders, customers, sales, inventory and employees.
   - ⊙ true
   - ⊙ false

18) Outbound logistics are the activities associated with receiving and storing raw materials as well as activities that transform these inputs into finished goods.
   - ⊙ true
   - ⊙ false

19) Service Activities as defined in the value chain are those activities that provide the support of customers after the products and services are sold to them (e.g. warranty repairs, parts, instruction manuals, etc.).
   - ⊙ true
   - ⊙ false

20) A well-designed and well-functioning AIS can be expected to create value by providing relevant information helpful to management to increase revenues and reduce expenses.
   - ⊙ true
   - ⊙ false

21) Production of a 1040 tax form from the AIS to be delivered to the Internal Revenue Service is an example of discretionary information.
- ⊙ true
- ⊙ false

22) Enterprise Systems do not exist to facilitate decision making.
- ⊙ true
- ⊙ false

23) The Sarbanes-Oxley Act of 2002 is a federal law in the United States that set new and enhanced standards for all U.S. public companies, their management and public accounting firms.
- ⊙ true
- ⊙ false

24) CRM software often includes the use of database marketing tools to learn more about the customers and to develop strong firm-to-customer relationships.
- ⊙ true
- ⊙ false

25) The Certified Information Technology Professional is the position created by the AICPA to recognize CPAs who have the ability to provide skilled professional services on Information Technology.
- ⊙ true
- ⊙ false

26) Accounting Information Systems which are computerized do not need to maintain internal controls.
- ⊙ true
- ⊙ false

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27) Accounting information systems:
   A) Are always computerized.
   B) Report only accounting information.
   C) Include records, processes and reports.
   D) Are for computer games.

28) Which of the following is *not* an attribute of useful information?
   A) Bias.
   B) Feedback value.
   C) Predictive value.
   D) Verifiability.

29) Which of the following are considered to be mandatory information required by a regulatory body?
   A) Financial reports for the Securities and Exchange Commission.
   B) The amount of taxes saved by a merger.
   C) The total dollar value of fireworks that are sold on July 4.
   D) The cost to build an all-new Starbucks restaurant in Abu Dhabi.

30) The correct order of effects in the value chain are:
   A) Inbound Logistics → Operations → Service.
   B) Inbound Logistics → Outbound Logistics → Marketing & Sales.
   C) Inbound Logistics → Operations → Outbound Logistics.
   D) Inbound Logistics → Operations → Shipping.

31) Which designation would be most appropriate for those professionals possessing IT audit, control and security skills?
   A) Certified Internal Auditor (CIA).
   B) Certified Public Accountant (CPA).
   C) Certified Information Technology Professional (CITP).
   D) Certified Information Systems Auditors (CISA).

32) Which designation is for CPAs with a broad range of technology knowledge and experience?
  A) Certified Internal Auditor (CIA).
  B) Certified Public Accountant (CPA).
  C) Certified Information Technology Professional (CITP).
  D) Certified Information Systems Auditors (CISA).

33) A supply chain:
  A) Refers to the supplies needed to build products.
  B) Refers to the flow of materials, information, payments and services.
  C) Refers to how costs are tracking in an AIS.
  D) Does not apply to a service firm like an accounting firm.

34) A supply chain system does *not* include information about:
  A) Current customers.
  B) Prospective customers.
  C) Availability of inventory.
  D) Current suppliers.

35) The income statement line item most likely affected by an AIS investment in enterprise systems would be:
  A) Revenues.
  B) Cost of Goods Sold.
  C) Selling, General and Administrative Expenses.
  D) Unearned Revenue.

36) The income statement line item most likely affected by an AIS investment in supply chain that would interface with suppliers would be:
  A) Revenues.
  B) Cost of Goods Sold.
  C) Selling, General and Administrative Expenses.
  D) Research and Development Expenses.

37) In the value chain, what primary activity follows "Marketing and Sales"?
- A) Service
- B) Procurement
- C) Operations
- D) Outbound Logistics

38) In the value chain, what primary activity immediately follows "Operations"?
- A) Service
- B) Procurement
- C) Marketing and Sales
- D) Outbound Logistics

39) In the value chain, what primary activity immediately follows "Inbound Logistics"?
- A) Service
- B) Procurement
- C) Operations
- D) Outbound Logistics

40) The income statement account most likely affected by an AIS investment in customer relationship management (CRM) would be:
- A) Revenues.
- B) Cost of Goods Sold.
- C) Selling, General and Administrative Expenses.
- D) Unearned Revenue.

41) If an AIS system can helps highlight the customers most likely to purchase their products, that would show up most prominently in which account on the income statement?
- A) Revenues
- B) Cost of Goods Sold
- C) Research & Development
- D) Interest Expense

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42) If an AIS system can helps reduce the price of promoting their products, that would show up most prominently in which account on the income statement?

A) Sales, General and Administrative Expenses
B) Cost of Goods Sold
C) Research & Development
D) Interest Expense

43) The Information Value Chain is defined as:

A) The flow of materials, information, payments, and services.
B) The use of computer technology to provide information about business activities to employees across the firm.
C) The overall transformation of data from a business need to the ultimate decision.
D) A centralized database that collects data from throughout the firm.

44) Customer Relationship Management is best defined as:

A) A system used to manage and nurture a firm's interactions with its current and potential customers.
B) A system used to track a customer's past purchases.
C) A system used to connect a firm's suppliers with a firm's customers.
D) A system used to advertise current items on sale to customers.

45) The role of accountants in accounting information systems include all *except*:

A) User.
B) Manager.
C) Coder.
D) Evaluator.

46) A simple information system includes all of the following elements *except*:

A) Processing.
B) Storage.
C) Input.
D) Reporting.

47) Branch profitability is an example of:
- A) Information overload.
- B) Mandatory information.
- C) Discretionary information.
- D) Enterprise System.

48) Bob's manager complains that Bob suffers from "Analysis Paralysis;" that is, he spends too much time reviewing endless reports and is reluctant to make decisions. Bob most likely suffers from _____.
- A) Data gridlock.
- B) Discretionary information.
- C) Information overload.
- D) Data redundancy.

49) Which of the following systems would a company be most likely to employ for the primary purpose of generating additional sales revenue?
- A) MDBMS.
- B) CRM.
- C) SCM.
- D) OCR.

50) The primary transformation of data into information takes place in which of the following activities?
- A) Input.
- B) Storage.
- C) Processing.
- D) Output.

51) Discretionary information is most likely to be used in which of the following activities?
- A) Preparing required Environmental Protection Agency emissions reports.
- B) Filing a 10-K with the SEC.
- C) Management decision-making.
- D) Payroll tax reporting.

52) Which of the following is *not* a primary activity in the Value Chain?

A) Outbound Logistics.
B) Marketing.
C) Inbound Logistics.
D) Information Technology.

53) One of the most important ways that ERPs benefit organizations and their business processes is:

A) Current information is made available to all users involved in the activities and decisions associated with a company's business processes.
B) Information is stored in many specialized, distributed databases that each serve separate business processes.
C) Reducing the amount of time to complete business processes by eliminating all controls associated with the processes.
D) Preventing external business partners from accessing the organization's data.

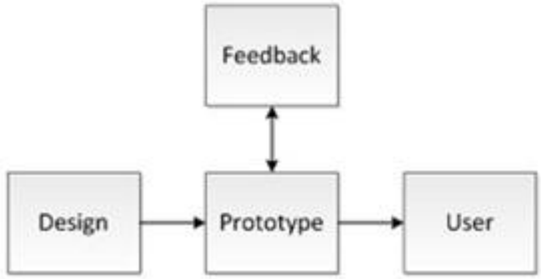
54) Investors reward companies most that announce IT initiatives with which type of strategic role?

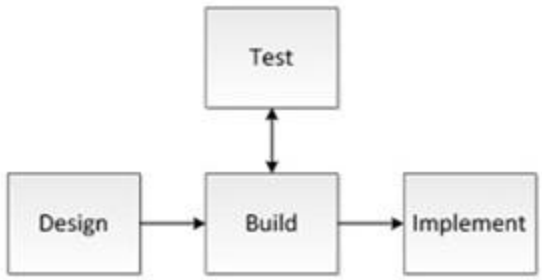
A) Automate.
B) Informate – up.
C) Transform.
D) Informate – down.

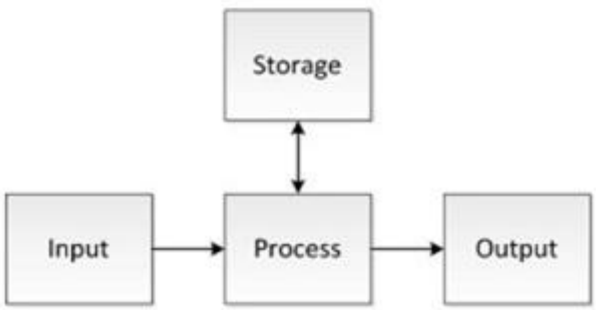
55) What Act requires auditors to evaluate the internal controls in an accounting information system?

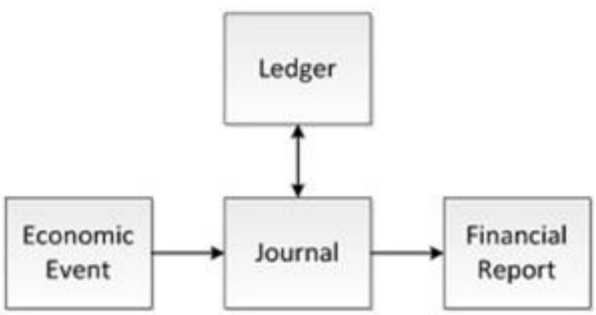
A) Sarbanes-Oxley Act of 2002.
B) Dodd-Frank Wall Street Reform and Consumer Protection Act.
C) Tax Cuts and Jobs Act of 2017.
D) Inflation Reduction Act of 2022

56) Which of the following diagrams most accurately illustrates an information system?

A) 

B) 

C) 

D) 

57) The Sarbanes-Oxley Act of 2002 requires that a company's attest auditors be able to perform which of the following activities?

A) Evaluate the internal controls in an AIS.
B) Assess the value of a company's IT assets.
C) Take over the company's AIS if necessary.
D) Design and implement the controls used in the AIS.

58) Consider the non-profit organization Doctors without Borders (Médecins Sans Frontières), a Nobel Peace Prize winning organization that provides medical services in war zones and developing countries. For this type of organization, which of the following would likely be the best measure of business value?

A) Fund balance (i.e., the net of revenues less expenditures).
B) Lives saved.
C) Donations raised.
D) Volunteers deployed.

59) Effective use of Supply Chain Management software is generally expected to provide all of the following benefits *except*:

A) Reduced inventory carrying costs.
B) Lower production costs.
C) Lower payroll costs.
D) Better communications with suppliers.

60) Which of the following is usually the primary objective for companies when creating mandatory information?

A) Increase stock price.
B) Minimize cost.
C) Improve business decisions.
D) Ensure proper controls over business processes.

61) Which of the following is an example of information as opposed to just data:

A) Number of dresses sold.
B) Color of dresses sold.
C) Dress sales in Michigan at Walmart Store #3458.
D) Types of dresses sold per region and season.

62) Which of the following statements is most true:

A) Relevant information does not help predict the future.
B) There are sometimes tradeoffs between information that is relevant and a faithful representation.
C) Information must always be audited to be insightful an organization.
D) Information does not need to be neutral or free from bias.

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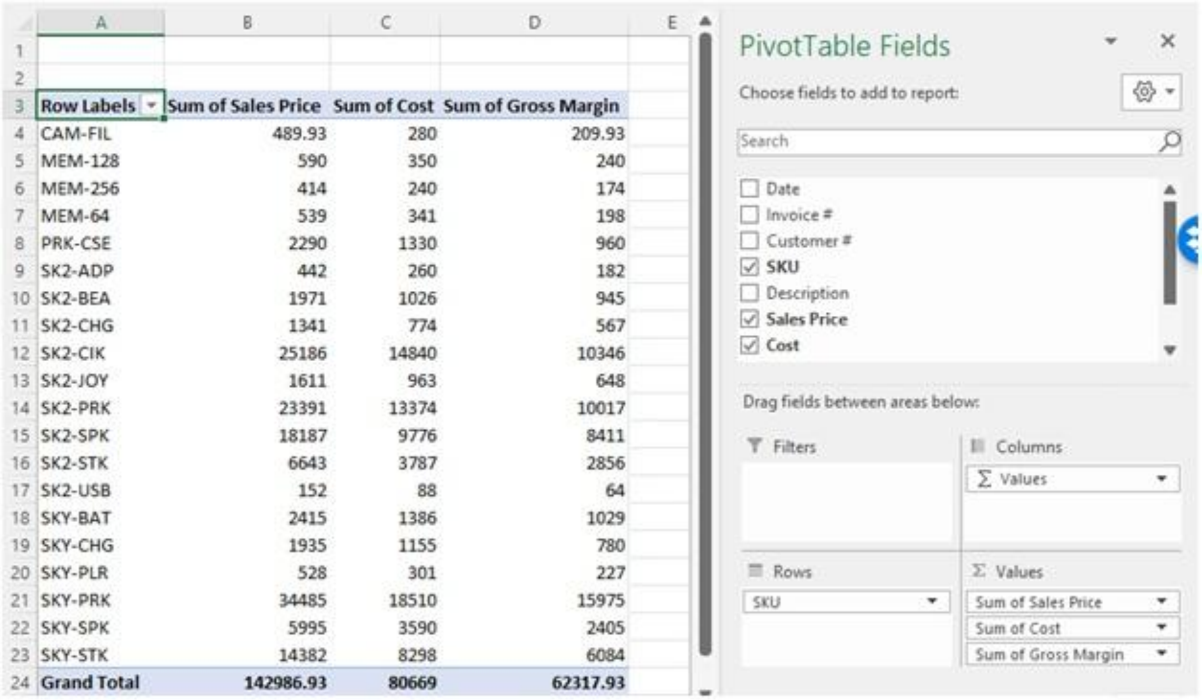
63) In a cost accounting system, the "Job and Project Status" data comes from which of the following enterprise systems?
   A) Financial Reporting System
   B) Manufacturing (or Production) System
   C) Customer Relationship Management System
   D) Human Resource Management System

64) In a cost accounting system, the direct labor and indirect costs data comes from which of the following enterprise systems?
   A) Financial Reporting System.
   B) Manufacturing (or Production) System.
   C) Customer Relationship Management System.
   D) Human Resource Management System.

65) Which of the following systems contributes information on revenues to help assess profitability of each customer?
   A) Financial Reporting System.
   B) Manufacturing (or Production) System.
   C) Customer Relationship Management System.
   D) Human Resource Management System.

66) Based on **Lab 1-1 Excel Determining the Most Profitable Products (SKU) and customers**, using the Exhibit below, answer the following question.



Row Labels	Sum of Sales Price	Sum of Cost	Sum of Gross Margin
CAM-FIL	489.93	280	209.93
MEM-128	590	350	240
MEM-256	414	240	174
MEM-64	539	341	198
PRK-CSE	2290	1330	960
SK2-ADP	442	260	182
SK2-BEA	1971	1026	945
SK2-CHG	1341	774	567
SK2-CIK	25186	14840	10346
SK2-JOY	1611	963	648
SK2-PRK	23391	13374	10017
SK2-SPK	18187	9776	8411
SK2-STK	6643	3787	2856
SK2-USB	152	88	64
SKY-BAT	2415	1386	1029
SKY-CHG	1935	1155	780
SKY-PLR	528	301	227
SKY-PRK	34485	18510	15975
SKY-SPK	5995	3590	2405
SKY-STK	14382	8298	6084
Grand Total	**142986.93**	**80669**	**62317.93**

The gross margin for SKU SKY-PRK is which of the following?

A) $15,975

B) $2,405

C) $18,510

D) $62,317

67) Based on **Lab 1-2 Excel Calculating Descriptive Statistics**, using the Exhibit below, answer the following question.

	A	B	C	D
1	*Gross Margin*		*Gross Margin Percentage*	
2				
3	Mean	183.25	Mean	0.38702
4	Standard Error	38.55178	Standard Error	0.002499
5	Median	117.5	Median	0.388277
6	Mode	#N/A	Mode	#N/A
7	Standard Deviation	188.8644	Standard Deviation	0.012241
8	Sample Variance	35669.76	Sample Variance	0.00015
9	Kurtosis	1.380179	Kurtosis	-0.68572
10	Skewness	1.4659	Skewness	-0.13025
11	Range	656	Range	0.045477
12	Minimum	11	Minimum	0.36478
13	Maximum	667	Maximum	0.410256
14	Sum	4398	Sum	9.288491
15	Count	24	Count	24

What is the minimum gross margin percentage for this set of SKU's (products)?

A) 11
B) 24
C) 0.36478
D) 0.410256

68) After an athletic context, statistics are gathered to assess performance. Using the characteristics of useful information (including relevance and reliability), please explain how this box score meets (or does not meet) the characteristics of useful information. How would the football coach use this information to prepare for the next game, decide which players to start, etc.?

69) List and explain three ways that AIS affects the income statement and the firm's profitability.

70) Some would argue that the role of accounting is simply as an information provider. Others suggest that accountants serve the role of business analyst. Which role produces more value for a company like Starbucks? In the area of accounting information systems, what specifically can the accountant do to serve as a business analyst to help address business opportunities?

71) Explain the types of discretionary information a company like Google would collect from its accounting information system.

72) Why would the transform IT strategic role be more impactful on stock price than the automate IT strategic role?

73) Stephen Gillett, Starbucks CIO, argues that his most crucial duty is to enhance Starbucks' ability to mine its customer data to help "reignite our passion with our customers." Starbucks used loyalty cards (Starbucks' Reward cards) and surveys to track its customers' purchases and build profiles of their customers as mentioned in the opening chapter vignette. Why is this a good example of customer relationship management (CRM)?

74) Michael Dell of Dell Computer explained:
"We tell our suppliers exactly what our daily production requirements are so it is not, "Well, every two weeks deliver 5,000 to this warehouse, and we'll put them on the shelf, and then we'll take them off the shelf." It is, "Tomorrow morning we need 8,562, and deliver them to door number seven by 7 am."
How does the supply chain management software allow this to happen? And how does it save Dell money?

75) Amazon.com is one of the best at fostering its interaction with their customers by keeping a record of their past purchases and product searches and using that information to recommend other similar products for the customer to consider. How can they use that information to help them in their marketing efforts?

76) The Certified Information Systems Auditors (CISA) designation identifies those professionals possessing IT audit, control and security skills. How do you think a professional designation is helpful for IT auditors?

77) The American Institute of Certified Public Accountants (AICPA) and International Federation of Accountants (IFAC) assumes that, at a minimum, all accountants will be proficient in the AIS user role and at least one other role (manager, designer, or evaluator). Why would the AICPA and IFAC expect this proficiency?

78) The International Federation of Accountants says:
"IT has grown (and will continue to grow) in importance at such a rapid pace and with such far reaching effects that it can no longer be considered a discipline peripheral to accounting. Rather, professional accounting has merged and developed with IT to such an extent that one can hardly conceive of accounting independent from IT."
In your opinion, why is accounting now interdependent with IT?

79) Wal-Mart's Retail Link database is one of the world's largest databases and allows many of their suppliers to view real-time sales data of their products for each store. This allows suppliers to assess the demand for their products and to optimize their own level of inventory and related logistics costs. How is this cost savings ultimately passed on to Wal-Mart and its customers?

80) Business value is defined as all items, events and interactions that determine the financial health and well-being of the firm. This value may come from suppliers, customers or employees or even information systems.
How would a not-for-profit group like the International Red Cross define business value for its group?

81) Google is known for gathering large quantities of data on its users. Describe what types of data may be gathered on a user and how that data is transformed into useful information. Include in your answer why the information may be useful to Google.

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Answer Key

Test name: Chapter 01 Test Bank

1) FALSE
2) FALSE
3) TRUE
4) FALSE
5) TRUE
6) TRUE
7) FALSE
8) TRUE
9) TRUE
10) FALSE
11) TRUE
12) FALSE
13) TRUE
14) FALSE
15) TRUE
16) TRUE
17) TRUE
18) FALSE
19) TRUE
20) TRUE
21) FALSE
22) FALSE
23) TRUE
24) TRUE
25) TRUE
26) FALSE
27) C
28) A
29) A
30) C
31) D
32) C
33) B
34) B
35) C
36) B
37) A

38) D
39) C
40) A
41) A
42) A
43) C
44) A
45) C
46) D
47) C
48) C
49) B
50) C
51) C
52) D
53) A
54) C
55) A
56) C
57) A
58) B
59) C
60) B
61) C
62) B
63) B
64) D
65) C
66) A
67) C
68) Essay
69) Essay
70) Essay
71) Essay
72) Essay
73) Essay
74) Essay
75) Essay
76) Essay
77) Essay

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78) Essay
79) Essay
80) Essay
81) Essay