Western Governors University (WGU) ACCT3360 D217 Accounting Information Systems Practice Exam (Sample)

Study Guide

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Questions

1. What must management provide to external auditors to demonstrate control effectiveness?
   A. Access to financial records only
   B. Documented evidence of functioning controls
   C. Oral explanations of procedures
   D. Sample transactions randomly generated

2. What issue is characteristically associated with the flat-file approach to data management?
   A. Data integration challenges
   B. Inability to determine available data
   C. Enhanced data consistency
   D. Low data storage costs

3. Which trait is associated with an antiviral program?
   A. Safeguarding mainframes and networks
   B. Increasing user accessibility
   C. Improving operating system performance
   D. Enhancing data analysis capabilities

4. In a technology-enabled payroll system, which department connects to cash disbursements for paying employees?
   A. Accounts Receivable
   B. Supply Chain Management
   C. Inventory Control
   D. Accounts Payable

5. What does the ethical principle of proportionality emphasize?
   A. The absolute need for ethical compliance
   B. The importance of strict adherence to rules
   C. The balance of benefits over risks in decision-making
   D. The most profitable alternatives available

6. What is Verisign known for?

A. Providing free digital certificates

B. Offering assurance regarding data security

C. Allowing unsecured communications

D. Developing hardware for data storage

7. Why is a simulated application used to reprocess transactions that a production application has already processed?

A. To reduce the number of transactions processed

B. To ensure application processes and controls are functioning correctly

C. To improve the performance of the production application

D. To create new types of transactions for testing

8. Which strategic agreement is made between buyer and seller for electronic data interchange?

A. Terms agreed on prior to utilization of the service

B. A verbal contract between parties

C. A handshake agreement

D. No formal agreement is needed

9. What distinguishes a commercial system from a custom system?

A. Commercial systems are always less expensive

B. Commercial systems can be installed faster than custom systems

C. Commercial systems allow for unique customization

D. There is no difference; they are the same

10. What does data redundancy primarily cause in data management?

A. Increased accuracy

B. Difficulty in data updating

C. Enhanced data security

D. Simplified data retrieval

Answers

1. B
2. B
3. A
4. D
5. C
6. B
7. B
8. A
9. B
10. B

Explanations

1. What must management provide to external auditors to demonstrate control effectiveness?

   A. Access to financial records only

   B. Documented evidence of functioning controls

   C. Oral explanations of procedures

   D. Sample transactions randomly generated

Management must provide documented evidence of functioning controls to external auditors to demonstrate control effectiveness. This evidence is crucial because it offers tangible proof that the internal controls are in place and operating as intended. Such documentation can include system reports, process flows, control checklists, and records of compliance testing, among others. External auditors rely on this evidence to assess whether the organization’s internal controls are effective in preventing inaccuracies in financial reporting and fraud. Simply providing access to financial records or oral explanations would not suffice, as these do not provide a comprehensive assessment of how well controls work in practice. Additionally, while sample transactions can illustrate control operation, they need to be part of a structured approach to verify control effectiveness, rather than being randomly generated without context or purpose. Therefore, documented evidence is the most reliable way to convey the effectiveness of internal controls to auditors.

2. What issue is characteristically associated with the flat-file approach to data management?

   A. Data integration challenges

   B. Inability to determine available data

   C. Enhanced data consistency

   D. Low data storage costs

The flat-file approach to data management is characterized by a simple structure where data is stored in a single, often large file with little to no organization. This approach frequently leads to data integration challenges because each file can contain redundant and inconsistent data, making it difficult to ascertain the availability and accuracy of data across various files. When dealing with flat files, users often face difficulties in identifying what data is available, as there is typically no central repository or metadata to guide them. This lack of structure can make it challenging to retrieve or analyze data efficiently, leading to potential errors and misunderstandings about what data is present and how it relates to other data. In contrast to options that might suggest efficiency or organization, the issues surrounding the flat-file structure primarily stem from its limitations in data organization and retrieval.

3. Which trait is associated with an antiviral program?

A. Safeguarding mainframes and networks

B. Increasing user accessibility

C. Improving operating system performance

D. Enhancing data analysis capabilities

An antiviral program primarily functions to identify, prevent, and remove malicious software (malware) from computer systems. The fundamental goal is to safeguard the integrity and security of mainframe systems and networks from threats that can compromise data and resources. This role involves monitoring for suspicious file activity, scanning files for virus signatures, and providing real-time protection against potential malware attacks, thereby protecting vital assets and ensuring system reliability. While improving performance, increasing user accessibility, or enhancing data analysis capabilities may be components of broader cybersecurity or IT management strategies, they do not specifically align with the primary function of an antiviral program. The focus of such software is squarely on security, making it essential in safeguarding computer environments from various cyber threats.

4. In a technology-enabled payroll system, which department connects to cash disbursements for paying employees?

A. Accounts Receivable

B. Supply Chain Management

C. Inventory Control

D. Accounts Payable

In a technology-enabled payroll system, the department that connects to cash disbursements for paying employees is the Accounts Payable department. This is because accounts payable is responsible for managing the company's obligations to pay off short-term debts to its creditors, which includes employee salaries and wages. When an employee is compensated, the payroll system generates a payment that needs to be processed. The accounts payable department then ensures that these payments are disbursed correctly. This includes maintaining accurate records, processing the payments through the financial systems, and ensuring that there are sufficient funds available for these cash disbursements. The other departments listed—such as accounts receivable, supply chain management, and inventory control—handle different aspects of a business's financial transactions and operations. For instance, accounts receivable deals with incoming payments from customers, supply chain management focuses on the flow of goods and services, and inventory control manages the stock of products. None of these departments are directly involved in the payroll process or the disbursement of cash for employee payments.

5. What does the ethical principle of proportionality emphasize?

A. The absolute need for ethical compliance

B. The importance of strict adherence to rules

C. The balance of benefits over risks in decision-making

D. The most profitable alternatives available

The ethical principle of proportionality emphasizes the balance of benefits over risks in decision-making. This principle is important in ethical considerations because it encourages individuals and organizations to evaluate the outcomes of their actions carefully. It involves weighing the potential benefits against the potential harm or risks involved, ensuring that the benefits justify any negative consequences that may arise. This approach is especially relevant in fields such as business ethics, healthcare, and public policy, where decisions often have significant impacts on various stakeholders. By focusing on proportionality, decision-makers can aim to make ethical choices that prioritize the welfare of individuals and society, rather than merely adhering to rules or seeking maximum profit without consideration of consequences. This principle ultimately supports a more thoughtful and responsible approach to ethical dilemmas, ensuring that actions lead to a favorable balance of outcomes.

6. What is Verisign known for?

A. Providing free digital certificates

B. Offering assurance regarding data security

C. Allowing unsecured communications

D. Developing hardware for data storage

Verisign is primarily known for offering assurance regarding data security, particularly through its role in the management of domain name services and providing security infrastructure for the internet. As a prominent provider of digital certificates, Verisign helps organizations establish secure communications over the internet, enabling encryption and authentication processes that are essential for protecting sensitive data. This assurance is crucial for businesses and individuals who rely on secure online interactions, such as online banking, e-commerce, and sensitive information transfer. The other options do not accurately represent Verisign's core business. Providing free digital certificates is not a service offered by Verisign, as their business model involves paid services to ensure that high standards of security and trust are maintained. Allowing unsecured communications contradicts Verisign's mission of enhancing security; their focus is on securing communications rather than allowing them to be unsecured. Lastly, while Verisign operates in the digital realm, they do not develop hardware for data storage, which is outside the scope of their services that are primarily related to internet security and domain management.

7. Why is a simulated application used to reprocess transactions that a production application has already processed?

A. To reduce the number of transactions processed

B. To ensure application processes and controls are functioning correctly

C. To improve the performance of the production application

D. To create new types of transactions for testing

Using a simulated application to reprocess transactions that a production application has already processed primarily serves the purpose of ensuring that application processes and controls are functioning correctly. This practice, often utilized in system testing and validation, allows for the identification of any issues or errors that may not have been detected during the initial processing of transactions. By running the transactions through a simulated environment, organizations can verify that all aspects of the application—such as data handling, processing logic, control mechanisms, and integration with other systems—work as intended without the risk of altering live data or disrupting ongoing operations. This methodical approach is essential for validating that updates, patches, or changes to the application continue to meet required functionality and compliance standards. The other options may seem plausible but do not capture the primary reason for using a simulated application in this context. It's more about validating the integrity and reliability of processes rather than reducing transaction volumes, improving performance, or creating new transaction types specifically for testing.

8. Which strategic agreement is made between buyer and seller for electronic data interchange?

A. Terms agreed on prior to utilization of the service

B. A verbal contract between parties

C. A handshake agreement

D. No formal agreement is needed

The correct choice refers to the significance of establishing clear terms and conditions prior to the implementation of electronic data interchange (EDI) services. In EDI transactions, a formal agreement outlines the specific parameters, expectations, and responsibilities of both the buyer and the seller. This is crucial as EDI involves the automated exchange of business documents between organizations, which can affect order processing, inventory management, and overall supply chain operations. By having terms agreed upon, both parties can ensure that they are aligned in their approaches to data formatting, transmission protocols, and compliance requirements. It also helps mitigate risks related to misunderstandings or disputes that could arise from a lack of clarity. This strategic agreement serves to facilitate smooth communication and integration between different systems, which is essential for successful collaboration in a digital environment. In contrast, the other options all imply a lack of formalization or clarity regarding the terms of the exchange. Verbal contracts, handshake agreements, or the absence of an agreement altogether do not provide the necessary foundation for a successful EDI engagement, as they leave room for ambiguity and potential conflicts, which can be detrimental to business operations.

9. What distinguishes a commercial system from a custom system?

A. Commercial systems are always less expensive

B. Commercial systems can be installed faster than custom systems

C. Commercial systems allow for unique customization

D. There is no difference; they are the same

The distinction between commercial systems and custom systems lies significantly in their implementation speed, among other factors. Commercial systems are pre-designed software solutions that are developed for a wide audience. As a result, they often come with ready-to-use features and functionalities, which allows them to be installed and integrated into a business's operations more rapidly compared to custom systems. Custom systems, on the other hand, are tailored specifically to meet the unique requirements of a particular organization, which typically involves a longer development timeline. These systems need to be built from the ground up, often including extensive consultation, development, and testing phases to ensure they meet the specific needs of the organization. This means that businesses seeking immediate solutions to their needs may find commercial systems to be a more efficient option due to their quicker installation time, leading to faster deployment and ultimately, a faster return on investment. The ability to utilize an off-the-shelf product and start benefiting from its functionalities immediately is one of the key advantages of commercial systems.

10. What does data redundancy primarily cause in data management?

A. Increased accuracy

B. Difficulty in data updating

C. Enhanced data security

D. Simplified data retrieval

Data redundancy primarily causes difficulty in data updating. When the same piece of data is stored in multiple places within a database or data management system, it can lead to inconsistencies. For example, if a user's contact information is updated in one location but not in another, it creates discrepancies that can confuse users or lead to errors in reports and analyses. The need to ensure data consistency across all instances of that data can complicate the updating process, as it requires verifying and correcting each instance of the redundant data. In contrast, increased accuracy typically arises from having a single, well-maintained source of truth without redundancy. Enhanced data security is usually related to how data is stored and managed, rather than its redundancy. Simplified data retrieval is likewise improved when there is a clear structure without redundant data, as it avoids confusion over which data is the most current or relevant. Therefore, the presence of redundancy primarily complicates processes, manifesting in difficulties for users when they attempt to update and manage data.