

Exam Chapter 1-4

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Chapter 1

Information is the primary output of an accounting information system.

The value of information can best be determined by **the benefits associated with obtaining the information minus the cost of producing it.**

System congruence is when a subsystem achieves its goals while contributing to the organization's overall goal.

The general ledger and reporting cycle is ***not a*** transaction cycle.

Transaction cycles are:

- revenue cycle
- human resources cycle
- expenditure cycle

The primary objective of accounting is to **provide useful information to decision makers.**

The Certified Information Technology Professional (CITP) is the designation of the American Institute of Certified Public Accountants (AICPA) recognizing the importance of AIS and the major impact information technology has on the area of accounting.

A good example of how an AIS is used to share knowledge within an organization is the use of a corporate database to help staff identify the relevant experts who can help with a particular client.

Firms use ***predictive analysis*** to provide an educated guess regarding what is expected to occur in the near future.

The value chain concept is composed of two types of activities

1. primary
2. support

Chapter 2

A delivery of inventory from a vendor, with whom a credit line is already established, would be initially recorded in the **purchase journal** as part of the **expenditure transaction cycle**.

The most frequent revenue cycle transaction is a sale to the customer.

The four different types of data processing activities

1. Reading
2. Deleting
3. Creating
4. Updating

The general ledger summarizes the transactions in journals. Pre-numbering of shipping documents helps to verify that all transactions have been recorded.

Data processing includes all of the following:

- adding the name of a new vendor
- removing inventory items no longer offered
- changing customer addresses.

Source data automation refers to using devices to capture transaction data in machine-readable form at the time the transaction is initiated.

A change in an employee's hourly pay would be recorded in the employee master file.

The general ledger account that corresponds to a subsidiary ledger account is known as a **control account**.

The **general ledger** contains summary-level data for every account of the organization.

A **subsidiary ledger** records all detailed data for any general ledger account that has individual sub-accounts.

Changing a customer's credit limit would be recorded in the **Customer Master File**.

The existence of multiple systems which provide information can result in all of the following:

- integration issues
- discrepancies
- redundancies

Chapter 3

All of the following are guidelines for preparing data flow diagrams (DFD):

- sequentially number process bubbles
- uniquely name all data flows
- include all storage files, even if they are only temporary.

The Sarbanes-Oxley Act (2002) requires independent auditors to **understand a client's system of internal controls**.

A data flow diagram is a graphical description of the source and destination of data that shows how data flow within an organization.

Most processes on a DFD can be identified by data flows both into or out of a process.

Data flow diagrams depict processes, but not who is performing the processes.

Flowchart symbols are divided into four categories.

1. Data Sources and destinations
2. Data Flows
3. Transformation Process
4. Data Stores

Might also include internal control.

Chapter 4

File-oriented approaches create problems for organizations because of multiple master files.

The *most* immediate and significant effect of database technology on accounting is quicker access to and greater use of accounting information in decision-making.

Data mining add definition.

A data warehouse is primarily used for analysis rather than transaction processing.

The technique of using queries to investigate hypothesized relationships among data is called online analytical processing.

The combination of the database, the DBMS, and the application programs that access the database through the DBMS is referred to as the database system.

The schema that provides an organization-wide view of the entire database is known as the conceptual-level schema.

The data dictionary contains information about the structure of the database.

Report writer is a feature in many database systems that simplifies the creation of reports by allowing users to specify the data elements desired and the format of the output.

Every table must be related to at least one other table in a well-structured relational database.

Tuple is a row in a table that contains data about a specific item in a database.

A **foreign key** is an attribute that serves a unique identifier in another table to link the two tables.

Entity integrity rule is used in a relational database requiring every record in a table to have a unique identifier.

Use a **query** to allow user retrieve data stored in a DB.