Chapter 01

Accounting Information Systems and Firm Value

**True / False Questions**

|  |  |
| --- | --- |
| 1. | Accounting and Finance is a primary activity in the value chain.    True    False |

|  |  |
| --- | --- |
| 2. | Accounting Information Systems at this date 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 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 to be useful to the user.    True    False |

|  |  |
| --- | --- |
| 7. | Data is defined as being information organized in a meaningful way to be useful to the user.    True    False |

|  |  |
| --- | --- |
| 8. | A systems analyst analyzes a business problem that might be addressed by an information system and recommends software or systems to address that problem.    True    False |

|  |  |
| --- | --- |
| 9. | A value chain is defined as the flow of materials, information, payments, and services from customer to supplier.    True    False |

|  |  |
| --- | --- |
| 10. | Relevant information is that information that is free from bias and error.    True    False |

|  |  |
| --- | --- |
| 11. | The characteristics of relevant information include predictive value, feedback value and timeliness.    True    False |

|  |  |
| --- | --- |
| 12. | The characteristics of reliable information are that the information is verifiable, without bias and timely.    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 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 and other partially completed materials, and distributing those materials to manufacturing when and where they are needed.    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. | An enterprise system is primarily used to manage and nurture a firm's interactions with its current and potential clients.    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, 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 |

**Multiple Choice Questions**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 26. | Accounting information systems are:      |  |  | | --- | --- | | A. | Always computerized. |  |  |  | | --- | --- | | B. | Report only accounting information. |  |  |  | | --- | --- | | C. | Records, processes and reports |  |  |  | | --- | --- | | D. | Are for computer games | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 27. | Which of the following are not a characteristic of useful information?      |  |  | | --- | --- | | A. | Easy to understand |  |  |  | | --- | --- | | B. | Feedback value. |  |  |  | | --- | --- | | C. | Timely |  |  |  | | --- | --- | | D. | Representational Faithfulness | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 28. | 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. | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 29. | 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 | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 30. | Which designation would most appropriate for those professionals possessing an 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) | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 31. | 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) | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 32. | A supply chain:      |  |  | | --- | --- | | A. | Refers to the supplies needed to build products |  |  |  | | --- | --- | | B. | Refers to the flow of materials, information, payments and services. |  |  |  | | --- | --- | | C. | Is similar in function and purpose to the value chain |  |  |  | | --- | --- | | D. | Does not apply to a service firm like an accounting firm. | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 33. | A supply chain system does not include information about      |  |  | | --- | --- | | A. | Current customers |  |  |  | | --- | --- | | B. | Prospective customers |  |  |  | | --- | --- | | C. | Availability of inventory |  |  |  | | --- | --- | | D. | Current suppliers | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 34. | 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 | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 35. | 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 | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 36. | The IT strategic roles of AIS investments are classified as:      |  |  | | --- | --- | | A. | Automate, Informate, Transform |  |  |  | | --- | --- | | B. | Value creation, Value Destruction, Value Neutral |  |  |  | | --- | --- | | C. | Digitize, Report, Transform |  |  |  | | --- | --- | | D. | Automate, Digitize, Transport | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 37. | According to a recent study, the transform IT strategic role is defined as systems that:      |  |  | | --- | --- | | A. | replacing human labor in automating business processes |  |  |  | | --- | --- | | B. | provides information about business activities to all employees |  |  |  | | --- | --- | | C. | provide information about business activities to senior management |  |  |  | | --- | --- | | D. | fundamentally redefine business processes and relationships | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 38. | According to a recent study, the informate-up IT strategic role is defined as systems that:      |  |  | | --- | --- | | A. | replacing human labor in automating business processes |  |  |  | | --- | --- | | B. | provides information about business activities to all employees |  |  |  | | --- | --- | | C. | provide information about business activities to senior management |  |  |  | | --- | --- | | D. | fundamentally redefine business processes and relationships | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 39. | 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 | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 40. | Many hospitals and doctor's offices are beginning to digitize the medical records of their patients. This is an example of the \_\_\_\_\_\_\_\_\_\_\_\_ strategic role.      |  |  | | --- | --- | | A. | Automate |  |  |  | | --- | --- | | B. | Informate - up |  |  |  | | --- | --- | | C. | Transform |  |  |  | | --- | --- | | D. | Informate - down | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 41. | EBay uses information technology to sell goods on the internet. This would be an example of the \_\_\_\_\_\_\_\_\_\_\_ strategic role.      |  |  | | --- | --- | | A. | Automate |  |  |  | | --- | --- | | B. | Informate - up |  |  |  | | --- | --- | | C. | Transform |  |  |  | | --- | --- | | D. | Informate - down | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 42. | 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. | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 43. | Business Value is defined as:      |  |  | | --- | --- | | A. | The monetary value of a business. |  |  |  | | --- | --- | | B. | Items, events and interactions that determine the financial health and well-being of the firm |  |  |  | | --- | --- | | C. | The cost to acquire a business by an outsider. |  |  |  | | --- | --- | | D. | The overall value of taking data and transforming it in to information needed for decision making. | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 44. | Customer Relationship Management is 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. | Support activities in the value chain does not include:      |  |  | | --- | --- | | A. | Firm Infrastructure |  |  |  | | --- | --- | | B. | Human Resource Management |  |  |  | | --- | --- | | C. | Procurement |  |  |  | | --- | --- | | D. | Accounting and Finance | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 46. | The role of accountants in accounting information systems include all except:      |  |  | | --- | --- | | A. | User |  |  |  | | --- | --- | | B. | Manager |  |  |  | | --- | --- | | C. | Operator |  |  |  | | --- | --- | | D. | Evaluator | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 47. | A simple information system includes all but the following elements except:      |  |  | | --- | --- | | A. | Processing |  |  |  | | --- | --- | | B. | Storage |  |  |  | | --- | --- | | C. | Input |  |  |  | | --- | --- | | D. | Reporting | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 48. | Activity-based costing is an example of:      |  |  | | --- | --- | | A. | Information overload |  |  |  | | --- | --- | | B. | Mandatory information |  |  |  | | --- | --- | | C. | Discretionary information |  |  |  | | --- | --- | | D. | Enterprise System | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 49. | An example of an AIS that primarily addresses internal business processes includes:      |  |  | | --- | --- | | A. | Supply chain software |  |  |  | | --- | --- | | B. | Customer relationship management software |  |  |  | | --- | --- | | C. | B2B transaction software |  |  |  | | --- | --- | | D. | Enterprise systems | |

**Essay Questions**

|  |  |
| --- | --- |
| 50. | After a college football game, a box score is produced detailing the number of yards passing and running, receptions made and the number of interceptions and fumbles lost (among other statistics). 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.? |

|  |  |
| --- | --- |
| 51. | List and explain three ways that AIS affects the income statement and the firm's profitability. |

|  |  |
| --- | --- |
| 52. | 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? |

|  |  |
| --- | --- |
| 53. | Explain the types of discretionary information a company like Google would collect from its accounting information system. |

|  |  |
| --- | --- |
| 54. | Why would the transform IT strategic role be more impactful on stock price than the automate IT strategic role? |

|  |  |
| --- | --- |
| 55. | 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)? |

|  |  |
| --- | --- |
| 56. | 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? |

|  |  |
| --- | --- |
| 57. | 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? |

|  |  |
| --- | --- |
| 58. | 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? |

|  |  |
| --- | --- |
| 59. | 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 listed above (manager or designer or evaluator). Why would the AICPA and IFAC expect this proficiency? |

|  |  |
| --- | --- |
| 60. | 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? |

|  |  |
| --- | --- |
| 61. | 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? |

|  |  |
| --- | --- |
| 62. | 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? |

Chapter 01 Accounting Information Systems and Firm Value Answer Key

**True / False Questions**

|  |  |
| --- | --- |
| 1. | Accounting and Finance is a primary activity in the value chain.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Value Chain* |

|  |  |
| --- | --- |
| 2. | Accounting Information Systems at this date are all computerized.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish between data; information and an information system. Source: Original Topic: Accounting Information Systems* |

|  |  |
| --- | --- |
| 3. | Business value includes all those items, events and interactions that determine the financial health and well-being of the firm.    **TRUE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Accounting Information Systems* |

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

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: AIS Professional Designations* |

|  |  |
| --- | --- |
| 5. | The Certified Information Systems Auditor (CISA) is a professional designation generally sought by those performing IT audits.    **TRUE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: AIS Professional Designations* |

|  |  |
| --- | --- |
| 6. | Information is defined as being data organized in a meaningful way to be useful to the user.    **TRUE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish between data; information and an information system. Source: Original Topic: Information Qualities* |

|  |  |
| --- | --- |
| 7. | Data is defined as being information organized in a meaningful way to be useful to the user.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish between data; information and an information system. Source: Original Topic: Information Qualities* |

|  |  |
| --- | --- |
| 8. | A systems analyst analyzes a business problem that might be addressed by an information system and recommends software or systems to address that problem.    **TRUE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Systems Analyst* |

|  |  |
| --- | --- |
| 9. | A value chain is defined as the flow of materials, information, payments, and services from customer to supplier.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Value Chain* |

|  |  |
| --- | --- |
| 10. | Relevant information is that information that is free from bias and error.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Define an accounting information system and explain characteristics of useful information. Source: Original Topic: Information Qualities* |

|  |  |
| --- | --- |
| 11. | The characteristics of relevant information include predictive value, feedback value and timeliness.    **TRUE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Define an accounting information system and explain characteristics of useful information. Source: Original Topic: Information Qualities* |

|  |  |
| --- | --- |
| 12. | The characteristics of reliable information are that the information is verifiable, without bias and timely.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Define an accounting information system and explain characteristics of useful information. Source: Original Topic: Information Qualities* |

|  |  |
| --- | --- |
| 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** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish between data; information and an information system. Source: Original Topic: Information Qualities* |

|  |  |
| --- | --- |
| 14. | The main financial benefit of Customer Relationship Management practices reduces the cost of goods sold.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: Customer Relationship Management* |

|  |  |
| --- | --- |
| 15. | An efficient Enterprise System can significantly lower the cost of support processes included in sales, general, and administrative expenses.    **TRUE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: Enterprise Systems* |

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

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-01 Define an accounting information system and explain characteristics of useful information. Source: Original Topic: Accounting Information Systems* |

|  |  |
| --- | --- |
| 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** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Describe how AIS assists the firm's internal business processes. Source: Original Topic: Enterprise Systems* |

|  |  |
| --- | --- |
| 18. | Outbound logistics are the activities associated with receiving and storing raw materials and other partially completed materials, and distributing those materials to manufacturing when and where they are needed.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Value Chain* |

|  |  |
| --- | --- |
| 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** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Value Chain* |

|  |  |
| --- | --- |
| 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** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: Business Value* |

|  |  |
| --- | --- |
| 21. | Production of a 1040 tax form from the AIS to be delivered to the Internal Revenue Service is an example of discretionary information.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-02 Distinguish between data; information and an information system. Source: Original Topic: Information Qualities* |

|  |  |
| --- | --- |
| 22. | An enterprise system is primarily used to manage and nurture a firm's interactions with its current and potential clients.    **FALSE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-06 Describe how AIS assists the firm's internal business processes. Source: Original Topic: Enterprise Systems* |

|  |  |
| --- | --- |
| 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, management and public accounting firms.    **TRUE** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: Regulation* |

|  |  |
| --- | --- |
| 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** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-07 Assess how AIS facilitates the firm's external business processes. Source: Original Topic: Customer Relationship Management* |

|  |  |
| --- | --- |
| 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** |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Remember Difficulty: 1 Easy Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: AIS Professional Designations* |

**Multiple Choice Questions**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 26. | Accounting information systems are:      |  |  | | --- | --- | | A. | Always computerized. |  |  |  | | --- | --- | | B. | Report only accounting information. |  |  |  | | --- | --- | | **C.** | Records, processes and reports |  |  |  | | --- | --- | | D. | Are for computer games | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-01 Define an accounting information system and explain characteristics of useful information. Source: Original Topic: Accounting Information Systems* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 27. | Which of the following are not a characteristic of useful information?      |  |  | | --- | --- | | **A.** | Easy to understand |  |  |  | | --- | --- | | B. | Feedback value. |  |  |  | | --- | --- | | C. | Timely |  |  |  | | --- | --- | | D. | Representational Faithfulness | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-01 Define an accounting information system and explain characteristics of useful information. Source: Original Topic: Characteristics of Useful Information* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 28. | 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. | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-02 Distinguish between data; information and an information system. Source: Original Topic: Characteristics of Useful Information* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 29. | 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 | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Value Chain* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 30. | Which designation would most appropriate for those professionals possessing an 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) | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: AIS Professional Designations* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 31. | 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) | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: AIS Professional Designations* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 32. | A supply chain:      |  |  | | --- | --- | | A. | Refers to the supplies needed to build products |  |  |  | | --- | --- | | **B.** | Refers to the flow of materials, information, payments and services. |  |  |  | | --- | --- | | C. | Is similar in function and purpose to the value chain |  |  |  | | --- | --- | | D. | Does not apply to a service firm like an accounting firm. | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-07 Assess how AIS facilitates the firm's external business processes. Source: Original Topic: Supply Chain* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 33. | A supply chain system does not include information about      |  |  | | --- | --- | | A. | Current customers |  |  |  | | --- | --- | | **B.** | Prospective customers |  |  |  | | --- | --- | | C. | Availability of inventory |  |  |  | | --- | --- | | D. | Current suppliers | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-07 Assess how AIS facilitates the firm's external business processes. Source: Original Topic: Supply Chain* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 34. | 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 | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: AIS Business Value* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 35. | 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 | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: AIS Business Value* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 36. | The IT strategic roles of AIS investments are classified as:      |  |  | | --- | --- | | **A.** | Automate, Informate, Transform |  |  |  | | --- | --- | | B. | Value creation, Value Destruction, Value Neutral |  |  |  | | --- | --- | | C. | Digitize, Report, Transform |  |  |  | | --- | --- | | D. | Automate, Digitize, Transport | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: AIS Business Value* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 37. | According to a recent study, the transform IT strategic role is defined as systems that:      |  |  | | --- | --- | | A. | replacing human labor in automating business processes |  |  |  | | --- | --- | | B. | provides information about business activities to all employees |  |  |  | | --- | --- | | C. | provide information about business activities to senior management |  |  |  | | --- | --- | | **D.** | fundamentally redefine business processes and relationships | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: AIS Business Value* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 38. | According to a recent study, the informate-up IT strategic role is defined as systems that:      |  |  | | --- | --- | | A. | replacing human labor in automating business processes |  |  |  | | --- | --- | | B. | provides information about business activities to all employees |  |  |  | | --- | --- | | **C.** | provide information about business activities to senior management |  |  |  | | --- | --- | | D. | fundamentally redefine business processes and relationships | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: AIS Business Value* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 39. | 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 | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: AIS Business Value* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 40. | Many hospitals and doctor's offices are beginning to digitize the medical records of their patients. This is an example of the \_\_\_\_\_\_\_\_\_\_\_\_ strategic role.      |  |  | | --- | --- | | **A.** | Automate |  |  |  | | --- | --- | | B. | Informate - up |  |  |  | | --- | --- | | C. | Transform |  |  |  | | --- | --- | | D. | Informate - down | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: AIS Business Value* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 41. | EBay uses information technology to sell goods on the internet. This would be an example of the \_\_\_\_\_\_\_\_\_\_\_ strategic role.      |  |  | | --- | --- | | A. | Automate |  |  |  | | --- | --- | | B. | Informate - up |  |  |  | | --- | --- | | **C.** | Transform |  |  |  | | --- | --- | | D. | Informate - down | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: AIS Business Value* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 42. | 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. | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-02 Distinguish between data; information and an information system. Source: Original Topic: Information Value Chain* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 43. | Business Value is defined as:      |  |  | | --- | --- | | A. | The monetary value of a business. |  |  |  | | --- | --- | | **B.** | Items, events and interactions that determine the financial health and well-being of the firm |  |  |  | | --- | --- | | C. | The cost to acquire a business by an outsider. |  |  |  | | --- | --- | | D. | The overall value of taking data and transforming it in to information needed for decision making. | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Business Value* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 44. | Customer Relationship Management is 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. | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-07 Assess how AIS facilitates the firm's external business processes. Source: Original Topic: Customer Relationship Management* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 45. | Support activities in the value chain does not include:      |  |  | | --- | --- | | A. | Firm Infrastructure |  |  |  | | --- | --- | | B. | Human Resource Management |  |  |  | | --- | --- | | C. | Procurement |  |  |  | | --- | --- | | **D.** | Accounting and Finance | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Value Chain* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 46. | The role of accountants in accounting information systems include all except:      |  |  | | --- | --- | | A. | User |  |  |  | | --- | --- | | B. | Manager |  |  |  | | --- | --- | | **C.** | Operator |  |  |  | | --- | --- | | D. | Evaluator | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: AIS Professional Designations* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 47. | A simple information system includes all but the following elements except:      |  |  | | --- | --- | | A. | Processing |  |  |  | | --- | --- | | B. | Storage |  |  |  | | --- | --- | | C. | Input |  |  |  | | --- | --- | | **D.** | Reporting | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-02 Distinguish between data; information and an information system. Source: Original Topic: Information System* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 48. | Activity-based costing is an example of:      |  |  | | --- | --- | | A. | Information overload |  |  |  | | --- | --- | | B. | Mandatory information |  |  |  | | --- | --- | | **C.** | Discretionary information |  |  |  | | --- | --- | | D. | Enterprise System | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-02 Distinguish between data; information and an information system. Source: Original Topic: Information System* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 49. | An example of an AIS that primarily addresses internal business processes includes:      |  |  | | --- | --- | | A. | Supply chain software |  |  |  | | --- | --- | | B. | Customer relationship management software |  |  |  | | --- | --- | | C. | B2B transaction software |  |  |  | | --- | --- | | **D.** | Enterprise systems | |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Understand Difficulty: 2 Medium Learning Objective: 01-06 Describe how AIS assists the firm's internal business processes. Source: Original Topic: Enterprise Systems* |

**Essay Questions**

|  |  |
| --- | --- |
| 50. | After a college football game, a box score is produced detailing the number of yards passing and running, receptions made and the number of interceptions and fumbles lost (among other statistics). 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.?     Answers will vary, especially with respect to their knowledge of American Football! The instructor may wish to include other sports or other activities where a box score might be produced. In American Football, yards per carry, turnover margin, interceptions, fumbles, run vs. pass plays, 3rd down plays and success, yards per catch, yards after catch, number of tackles, etc. would all be useful |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-01 Define an accounting information system and explain characteristics of useful information. Source: Original Topic: Qualities of Information* |

|  |  |
| --- | --- |
| 51. | List and explain three ways that AIS affects the income statement and the firm's profitability.     Answers will vary but could include some of these items. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: Business Value* |

|  |  |
| --- | --- |
| 52. | 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?     Answers will vary! Accountants carry out an important function by providing information. However, it is arguable that accountants can add value to a company by serving as a business analyst; that is, understand what information needs to be collected and then help in its interpretation. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: Role of Accountants in AIS* |

|  |  |
| --- | --- |
| 53. | Explain the types of discretionary information a company like Google would collect from its accounting information system.     Answers will vary! Google might want some managerial accounting information about how various products have done, the cost of production various advertising products, the cost of employee incentives (stock options, etc.) that would all be useful in helping it manage its business. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-06 Describe how AIS assists the firm's internal business processes. Source: Original Topic: Enterprise Systems* |

|  |  |
| --- | --- |
| 54. | Why would the transform IT strategic role be more impactful on stock price than the automate IT strategic role?     Answers will vary! A potential answer might include that automate IT strategic role just automates something that was done before by hand. The transform IT strategic is using technology to establish a new business model. New business models, while fraught with risk, often suggest new ways to make money that were not envisioned before and thus might encourage shareholders to pay more for a company's stock. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-08 Assess the impact of AIS on firm profitability and stock prices. Source: Original Topic: Business Value* |

|  |  |
| --- | --- |
| 55. | 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)?     Answers will vary. Using loyalty cards will help Starbucks understand its customers; that is, what they buy, when they buy it, in what quantities, etc., which is exactly the role of CRM. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-07 Assess how AIS facilitates the firm's external business processes. Source: Original Topic: Customer Relationship Management* |

|  |  |
| --- | --- |
| 56. | 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?     Answers will vary. The supply chain allows Dell to forecast demand for its various products and share that demand with its suppliers. Suppliers will know the long-term plan and thus not be surprised when an actual order arrives. Dell saves money by not having to hold inventory too long saving investment dollars and warehouse space |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-07 Assess how AIS facilitates the firm's external business processes. Source: Original Topic: Supply Chain* |

|  |  |
| --- | --- |
| 57. | 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?     Answers will vary. By getting this information, Amazon understand its customers; that is, what they buy, when they buy it, in what quantities, etc. and can use it to encourage its customers to buy more products that computer models suggest they might be interested. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-07 Assess how AIS facilitates the firm's external business processes. Source: Original Topic: Customer Relationship Management* |

|  |  |
| --- | --- |
| 58. | 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?     Answers will vary. A potential answer might include the acknowledgement of a specialization in IT audit and recognition of the special skills an IT auditor has. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: AIS Professional Designations* |

|  |  |
| --- | --- |
| 59. | 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 listed above (manager or designer or evaluator). Why would the AICPA and IFAC expect this proficiency?     Answers will vary. A potential answer might reflect information presented in the class or textbook about the IT nature of accounting and the importance of accountants being proficient in roles associated with IT. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: AIS Professional Designations* |

|  |  |
| --- | --- |
| 60. | 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?     Answers will vary. A potential answer might reflect information presented in the class or textbook about the IT nature of accounting and the importance of accountants being proficient in roles associated with IT. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-03 Distinguish the roles of accountants in providing information and explain certifications related to accounting information systems. Source: Original Topic: AIS Roles in Information Systems* |

|  |  |
| --- | --- |
| 61. | 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?     Answers will vary. A potential answer might reflect that Retail Link saves Wal-Mart and its supplier's money due to its assessment of what sells and what does not sell. This helps suppliers to save money and Wal-Mart thus requires that this savings be shared between suppliers, Wal-Mart, and Wal-Mart suppliers. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-07 Assess how AIS facilitates the firm's external business processes. Source: Original Topic: Supply Chain* |

|  |  |
| --- | --- |
| 62. | 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?     Answers will vary. A not-for-profit group like the International Red Cross might define value by the number of lives saved, the number of liters of blood in storage, its ability to react to a disasters, etc. |

|  |
| --- |
| *AACSB: Reflective Thinking AICPA BB: Industry AICPA FN: Decision Making Blooms: Analyze Difficulty: 3 Hard Learning Objective: 01-04 Describe how business processes affect the firm's value chain. Source: Original Topic: Business Value* |