**Testbank**

to accompany

**Accounting information systems**

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by

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**Chapter 14: Ethics and cybercrime**

**Multiple-choice questions**

1. Ethical theories help us to:

a. explore the implications of a decision.

b. better understand the implications of a decision.

c. be able to justify our choices.

\*d. all of the options are correct.

*Correct answer: d*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

2. An ethical decision-making model provides guidance on:

a. how to navigate difficult and complex issues in reaching an effective solution for a business problem.

b. how to navigate difficult and complex issues in reaching a best practice for an issue.

\*c. how to navigate difficult and complex issues in reaching a decision.

d. all of the options are correct.

*Correct answer: c*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

3. Ethics can be defined as:

a. a synonymous term for a country’s legal system.

\*b. rules that guide us in our everyday behaviour, thoughts and actions.

c. both a and b are correct.

d. none of the options are correct.

*Correct answer: b*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

4.How a person approaches and responds to an ethical issue is termed:

a. ethics.

\*b. morals.

c. critical thinking.

d. decision making.

*Correct answer: b*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

5.The implicit rules that guide us in our everyday behaviour, thoughts and actions are collectively termed:

\*a. ethics.

b. morals.

c. code of conduct.

d. legislation.

*Correct answer: a*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

6.The first step of ethical decision-making is to:

a. Define the issue

b. Identify the principles that can be applied

\*c. Identify the facts

d. None of the options are correct.

*Correct answer: c*

*Learning objective 14.2 – solve an ethical dilemma by applying an ethical decision-making model.*

7.Which of the following statements regarding ethical decision-making is true?

a. The number of alternative courses of action should be restricted to a small amount to avoid information overload.

b. When choosing from a set of alternative courses of action, the primary principle is to look for the one that will minimise the chance of legal sanction.

\*c. Each alternative courses of action needs to be evaluated from the perspective of the different stakeholders.

d. All of the options are correct.

*Correct answer: c*

*Learning objective 14.2 – solve an ethical dilemma by applying an ethical decision-making model.*

8.Consequentialist theories are also known as:

a. Kantianism.

\*b. teleological theories.

c. both a and b are correct.

d. none of the options are correct.

*Correct answer: b*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

9.The examination of principles, values, duties and norms, the consideration of available choices in order to make the decision and the strength of character to act in accordance with that decision is referred to as:

\*a. ethics.

b. morals.

c. beliefs.

d. meditations.

*Correct answer: a*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

10.Which of the following is not a stage in ethical decision making?

a. Identify the facts.

\*b. Identify the laws that can be applied.

c. Consider alternative courses of action.

d. Make a decision.

*Correct answer: b*

*Learning objective 14.2 – solve an ethical dilemma by applying an ethical decision-making model.*

11.Kantianism suggests that:

\*a. an action is morally right if it is motivated by a good will that stems from a sense of duty.

b. maximisation of an individual’s utility should not be at the expense of the group or community.

c. there are always multiple ethical approaches.

d. none of the options are correct.

*Correct answer: a*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

12.Which of the following is not a type of Consequentialist theory?

a. Ethical utilitarianism.

\*b. Ethical Kantianism.

c. Ethical egoism.

d. Ethical altruism.

*Correct answer: b*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

13.Cost–benefit analysis is an example of:

a. opportunism.

b. hedonism.

c. realism.

\*d. utilitarianism.

*Correct answer: d*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

14.Which of the following is not a criticism of utilitarianism?

a. The rights of individuals are not taken into account.

b. It does not consider the minority question.

c. Some individuals may suffer great harm while others may receive only modest benefits.

\*d. Happiness is the ultimate goal of human behaviour.

*Correct answer: d*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

15.A whistle-blower is:

a. another term for a disgruntled employee.

b. someone who highlights favourable company information.

\*c. someone who exposes corruption or malpractice.

d. none of the options are correct.

*Correct answer: c*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

16.The saying that an action is morally right if it is motivated by a good will that stems from a sense of duty is known as:

\*a. Kantianism.

b. hedonism.

c. realism.

d. utilitarianism.

*Correct answer: a*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

17.Which of the following statements regarding Kantianism is not true?

a. Kantianism is embedded in duty or obligation and encompasses a dignity or respect for the individual.

\*b. According to Kantianism, a business that is doing respectful things, despite that it is motivated by profits, is acting in a prudent and moral way.

c. Critics point out that Kantianism’s universal obligations do not take into account particular situations.

d. Kantianism is grounded in the notion of respect for the individual.

*Correct answer: b*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

18.Which of the following statements regarding ethics and decision making is true?

a. An ethical framework is preferable but not essential in making good decisions.

b. Ethical theories are preferable but not essential in making good decisions.

c. In most cases decisions based on intuition and personal feelings will achieve better outcomes than those based on an ethical framework.

\*d. Ethics is very complex.

*Correct answer: d*

*Learning objective 14.1 – discuss the way ethical theories provide a basis for decision making in organisations.*

19.Do electronic Accounting Information Systems pose more of a threat to customer privacy than paper based systems?

a. No because the data cannot be read by a human.

b. Yes because organisations always sell the data onto marketing companies.

c. No because there are laws that protect the privacy of customers.

\*d. Yes because organisations can collect more data about more people than ever before.

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

20.\_\_\_\_\_\_\_\_ refers to the individual consenting to the information gathering through their subsequent actions.

a. Informed consent

\*b. Implied consent

c. Forced consent

d. None of the options are correct

*Correct answer: b*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

21.Ideally, a website should not store any data of the potential customer during the customer registration process until the customer has:

a. agreed to relevant Terms and Conditions.

b. elected to press the ‘Submit’ button on the electronic registration form.

c. reviewed all information entered in previous steps of registration.

\*d. all of the options are correct.

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

22.When submitting their online registration form, a pop-up dialogue box appears in the customers’ Internet browser asking them to confirm the submission of information. This is an example of:

\*a. informed consent.

b. implied consent.

c. forced consent.

d. conscious consent.

*Correct answer: a*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

23.Information privacy principles from the Privacy Act 1988 do not dictate that:

a. information shall not be disclosed to a third party unless such disclosure was made known to the subject at the time the information was solicited and the subject consented to such disclosure.

b. individuals have the right to view the information that is kept about them.

c. individuals have the right to require that any inaccuracy regarding information that is kept about them be corrected.

\*d. the person gathering information should use whatever means to ensure that the information is complete and up to date.

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

24.The principles of the Privacy Act 1988 do not explicitly cover:

a. collection of information.

b. storage of information

c. usage of information

\*d. disposal of information

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

25.Which of the following factors does not affect the usage of internet technology?

a. Age.

b. Education.

c. Geography.

\*d. Gender.

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

26.Which of the following statements regarding internet access is true?

a. Young people are more likely to have internet access.

b. Wealthier people are more likely to have internet access

c. Well educated people are more likely to have internet access

\*d. All of the options are correct.

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

27.Which of the following factors is the most important one in addressing internet access issues in Australia?

a. Social barriers.

b. Economic barriers.

c. Technical barriers.

\*d. All of the options are correct.

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

28.Which of the privacy principles covers the requirement that information should be protected from loss and unauthorised access?

a. Collection of information.

b. Record keeping.

\*c. Storage.

d. Access.

*Correct answer: c*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

29.Which of the following controls can ensure that all software is properly licensed in an organisation?

a. Users are restricted from installing programs or running unauthorised programs on their work computer.

b. Administrator rights and power user rights are not assigned to any common user.

c. Centralised deployment of software.

\*d. All of the options are correct.

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

30.Some organisations restrict employee’s access to external websites such as Facebook and eBay that are not relevant to work. Such conduct is \_\_\_\_\_\_\_\_ from an employee’s perspective:

a. definitely unethical and illegal.

b. definitely unethical but legal.

c. potentially unethical and illegal.

\*d. potentially unethical but legal.

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

31.Which of the following is not considered invasion of privacy?

\*a. Blocking employee access to external websites.

b. Screening employee emails.

c. Maintaining a log that tracks employee usage of the internet.

d. None of the options are correct.

*Correct answer: a*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

32.The reporting, by an employee or member of an organisation, of the unethical behaviour of a colleague is called:

a. informing.

b. insider report.

\*c. whistle-blowing.

d. ethical action.

*Correct answer: c*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

33.Whether it is ethical for the purchasing manager to accept a gift from a supplier may depend on the:

a. social culture.

b. value of the gift.

c. company’s gift policy.

\*d. all of the options are correct.

*Correct answer: d*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

34.Privacy is:

a. a legal issue only.

b. an ethical issue only.

\*c. both a legal and an ethical issue.

d. neither a legal nor an ethical issue.

*Correct answer: c*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

35.In terms of IT, cookies cannot:

a. ensure the browser does not display ads the user has already seen.

\*b. ensure the user has adequate protection against online unethical behaviours.

c. track the previous and next sites the user visits.

d. track whether a user has visited the site before.

*Correct answer: b*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

36.Consumer profiling is less likely to be able to gather information regarding:

a. consumer interests.

b. consumer purchasing patterns.

\*c. consumer spending capability.

d. consumer viewing patterns.

*Correct answer: c*

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

37.In terms of IT, spam is a problem because it:

a. can slow down email servers.

b. may spread computer viruses.

c. may affect the job efficiency of employees.

\*d. all of the options are correct.

*Correct answer: d*

*Learning objective 14.4 – discuss and provide examples of cybercrime.*

38.Gaining unauthorised access to a system is called:

\*a. hacking.

b. identity theft.

c. phishing.

d. none of the options are correct.

*Correct answer: a*

*Learning objective 14.4 – discuss and provide examples of cybercrime.*

39.Which of the following fraud can occur if an employee is responsible for both approving and paying invoices?

\*a. Paying non-existent suppliers.

b. Inventory theft.

c. Credit fraud.

d. All of the options are correct.

*Correct answer: a*

*Learning objective 14.4 – discuss and provide examples of cybercrime.*

40.Which of the following is not true?

a. Technology is advancing faster than the legislation can keep pace with.

\*b. The three main types of identity crime are fraud, hacking, and identity theft.

c. The cost of identity crime is not easy to calculate.

d. Much of the identity crime goes unreported.

*Correct answer: b*

*Learning objective 14.4 – discuss and provide examples of cybercrime.*

41.There are three risk factors known as the ‘fraud triangle’ that are generally present when a fraud is committed. Which of the following is not one of them?

a. Incentive or pressure to commit fraud.

b. Perceived opportunity to commit fraud.

c. Ability to rationalise the fraudulent action.

\*d. Ability to avoid being discovered.

*Correct answer: d*

*Learning objective 14.5 – evaluate the impact of fraud on organisations.*

42.A bank teller is experiencing pressure at home, with mortgage payments rapidly approaching and credit cards nearing their limit. The teller has the opportunity to ‘borrow’ some of the bank’s cash to place a bet on a ‘sure thing’ at the Saturday races with the intention of returning the cash to the bank on Monday morning. This is an example of:

(i) Pressure for fraud.

ii) Opportunity for fraud.

a. Only (i)

b. Only (ii)

\*c. Both (i) and (ii)

d. Neither (i) nor (ii)

*Correct answer: c*

*Learning objective 14.5 – evaluate the impact of fraud on organisations.*

43.An individual’s perceived ability to carry out the fraud and conceal the fraudulent activity is referred to as:

a. pressure for fraud.

\*b. opportunity for fraud.

c. rationalisation for fraud.

d. concealing for fraud.

*Correct answer: b*

*Learning objective 14.5 – evaluate the impact of fraud on organisations.*

44.Which of the following is not true?

a. Research studies have found that the incidence of fraud tends to be related to the ethical environment of the organisation.

b. Ethical conducts can be promoted through professional registration.

c. Ethical guidelines exist to guide auditors when making client acceptance decisions, when determining the level of non-audit service fees, and on what gifts from the client can be accepted.

\*d. Codes of ethics should be formal.

*Correct answer: d*

*Learning objective 14.5 – evaluate the impact of fraud on organisations.*

45.People are more likely to provide personal information to someone on the phone who purports to be a police officer or other authority figure. This is referred to as the:

a. kindness principle.

b. authority principle.

\*c. social compliance principle.

d. distraction principle.

*Correct answer: c*

*Learning objective 14.6 – describe and evaluate controls that reduce the risk of crimes facilitated by technology.*

46.Which of the following is not one of the seven recurring behavioural patterns and related principles identified by Stajano and Wilson?

a. Need and greed principle.

b. Time principle.

\*c. Authority principle.

d. Herd principle.

*Correct answer: c*

*Learning objective 14.6 – describe and evaluate controls that reduce the risk of crimes facilitated by technology.*

47.Once a person realises that they have been involved in a scam, the victim may be reluctant to tell the authorities. This is referred to as:

a. distraction principle.

b. social compliance principle.

c. kindness principle.

\*d. dishonesty principle.

*Correct answer: d*

*Learning objective 14.6 – describe and evaluate controls that reduce the risk of crimes facilitated by technology.*

48.Which principle is the foundation for phishing and social engineering?

a. Dishonesty principle.

b. Herd principle.

c. Distraction principle.

\*d. Social compliance principle.

*Correct answer: d*

*Learning objective 14.6 – describe and evaluate controls that reduce the risk of crimes facilitated by technology.*

49.Which of the following is true?

a. The COSO framework, rather than the COBIT framework, can be utilised to reduce the risk of fraud and online fraud.

b. The COBIT framework, rather than the COSO framework, can be utilised to reduce the risk of fraud and online fraud.

\*c. The COSO and COBIT frameworks can both be utilised to reduce the risk of fraud and online fraud.

d. The COSO and COBIT frameworks are irrelevant to fraud and online fraud.

*Correct answer: c*

*Learning objective 14.6 – describe and evaluate controls that reduce the risk of crimes facilitated by technology.*

50.In terms of cybercrime, which of the following is true?

a. Employees are only the main risk inside the organisation.

b. Employees are only the main risk outside the organisation.

\*c. There must be clear and swift sanctions against security misconduct.

d. External audit is more effective in detecting fraud than internal audit.

*Correct answer: c*

*Learning objective 14.6 – describe and evaluate controls that reduce the risk of crimes facilitated by technology.*

**Short answer questions**

1. What are the seven stages to go through when making an ethical decision?

*Answer:*

(1) Identify the facts.

(2) Define the issue(s).

(3) Identify the principles that can be applied.

(4) Identify possible actions and the stakeholders affected by these actions.

(5) Compare steps 3 and 4.

(6) Select a course of action.

(7) Implement the selected course of action.

*Learning objective 14.2 – solve an ethical dilemma by applying an ethical decision-making model.*

2. Compare and contrast data mining and customer profiling. What are the ethical issues associated with these two techniques?

*Answer:*

Data mining is a data analysis technique where large amounts of data are taken and analysed for potential patterns and relationships that may exist.

Customer profiling is a process where data on a customer’s website viewing habits are used to build a profile of their interests, needs and preferences, which can then be used for targeted advertising.

Organisations can undertake data mining and customer profiling, often without the user being aware of it: there is often no explicit seeking of consent to the gathering and use of the data collected. Consumer advocates see this as an invasion of privacy that can lead to a lack of trust on the part of the consumer. This lack of trust has big implications for the future development of e-commerce. Additionally, the customer profiling may not necessarily generate an accurate picture of the customer.

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

3. Describe what a cookie (in terms of IT) is and what it can do.

*Answer:*

Cookies are small files stored on a computer’s hard drive that keep a record of websites viewed, viewing preferences, user profiles and so on. Developed ostensibly to allow websites to display in the most user-friendly format, based on the operating system used, browser type and so on, cookies can also help organisations to gather data about the people that access their websites. For example, a cookie can:

(1) Ensure the browser does not display ads the user has already seen.

(2) Ensure ads are shown in a particular sequence.

(3) Track whether a user has visited the site before.

(4) Track the previous and next sites the user visits.

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

4. What are the three ways of gathering information of users of an accounting information system? What are the associated ethical concerns?

*Answer:*

Information about users of an AIS can be gathered:

(1) without the consent of the individual (though this may be illegal and/or unethical)

(2) with the informed consent of the individual

(3) with the implied consent of the individual.

Gathering information without the person’s consent would appear to be prohibited under the Australian Privacy Act 1988. Moreover, there is a big difference between express and implied consent. Some may argue that by agreeing to use a website and entering information you are giving consent for that information to be gathered. Others would argue that the only form of true consent is that which is expressly obtained from the subject of the information. As a result, ethical positions differ between people and subscribe to different views.

*Learning objective 14.3 – explain and give examples of ethical issues relating to accounting information systems.*

5. Name and briefly compare and contrast at least three types of malware.

*Answer:*

Malicious code designed to damage, disrupt or steal data or disrupt computer systems and networks is known as malware. The most common types of malware are viruses, worms, trojans, and bots. While viruses are attached to an executable file (a file that the computer can run), worms are standalone software that do not need another program or human to replicate. Trojans are particularly dangerous because the software looks genuine. Once the trojan is activated it can cause a great deal of damage. Unlike viruses and worms, trojans can only spread through human interaction such as downloading files or opening email attachments. Bots are used to automate tasks usually undertaken by a human being. A malicious bot is designed to infect the host and connect back to a server where someone can launch remote control attacks on their target. Bots can self-propagate like a virus or a worm.

*Learning objective 14.4 – discuss and provide examples of cybercrime.*

6. Compare and contrast the following terms related to identity crime: phishing, pharming, hacking, and social engineering.

*Answer:*

Phishing: the word ‘phishing’ comes from the analogy that internet scammers are using email lures to ‘fish’ for passwords and financial data from the sea of internet users.

Pharming: a pharming attack redirects users to a fake (phishing) web page even though the user entered the correct address.

Hacking: gaining unauthorised access to a system.

Social engineering: manipulating an individual, either online or in person, into providing personal information that can be used to break into a computer network or assume someone’s identity.

*Learning objective 14.4 – discuss and provide examples of cybercrime.*

7. Give at least three examples of organisational fraud related to accounting information systems.

*Answer:*

(1) The payroll manager who places a non-existent staff member on the payroll in the accounting information systems and collects his or her salary in addition to his or her own.

(2) The programmer who adjusts a payroll program so that one cent from every pay every week goes to an account he or she has created.

(3) The person who creates a website purporting to be that of a large organisation and gains private customer details (including bank account details) through the site.

*Learning objective 14.5 – evaluate the impact of fraud on organisations.*

8. How do professional bodies and codes of ethics help in deterring frauds?

*Answer:*

Membership of a profession carries benefits; for example, professions typically possess a base of knowledge that is valued in society (as with doctors or accountants), professional authority is recognised in the wider community that they serve, and a professional culture and ethical codes that govern their actions. Codes of ethics can be both formal and informal, and enforced by the self and by the professional body. For professionals who consider themselves a part of the professional group, such as a CA or CPA or a doctor, the prospect of being disciplined and potentially excluded from the group and prevented from earning their livelihood is generally a strong enough means of ensuring behaviour in accordance with the professional code of ethics.

Organisations can therefore help induce ethical behaviour by having employees who are members of professional bodies that enforce a professional and ethical code of conduct, or by creating and enforcing their own ethical code of conduct, to which the employee signs up when joining the organisation.

*Learning objective 14.6 – describe and evaluate controls that reduce the risk of crimes facilitated by technology.*

9. Explain the meaning of ‘fraud triangle’.

*Answer:*

There are three risk factors known as the ‘fraud triangle’ that are generally present when a fraud is committed. These are:

An incentive or pressure to commit fraud: The pressure for fraud can come from various sources, including the individual’s personal life and work environment.

A perceived opportunity to commit fraud: The opportunity refers to the individual’s perceived ability to carry out the fraud and conceal the fraudulent activity.

An ability to rationalise the fraudulent action: The reason is the way that individuals justify their fraudulent activity.

*Learning objective 14.5 – evaluate the impact of fraud on organisations.*

10. Stajano and Wilson distilled seven recurring behavioural patterns and related principles that are useful in the examination of fraud. Name and briefly describe these principles.

*Answer:*

* Distraction principle: scammer distracts the potential victim away from the scam to something they desire.
* Social compliance principle: people do not generally question authority.
* Herd principle: this is where something is made to look legitimate because everyone else is doing it.
* Dishonesty principle: once a person realises that they have been involved in a scam, the victim may be reluctant to tell the authorities.
* Kindness principle: people are nice and want to help.
* Need and greed principle: once people know our needs and wants, they can manipulate us.
* Time principle: when under time pressure, we make decisions using less reasoning.

*Learning objective 14.6 – describe and evaluate controls that reduce the risk of crimes facilitated by technology.*