Conceptual Foundation of AIS

System: 2 or more interrelated components that interact to achieve a goal
Goal conflict: the subsystem's goals are inconsistent with the goals of another subsystem
Goal Congruence: where the subsystem achieves its goals while contributing to an organisation's overall goal.

Information: data that has been processed. It gives companies competitive advantage, but there can be overload, and without a proper goal in data collection or limitations on analysis overload can occur.
Data: facts that are collected, recorded, stored and processed by an information system.
Value of information: the benefit produced less the costs to obtain the information. This determines the effectiveness of information.
Business process: a set of related, coordinated and structured activities and tasks performed to achieve a specific organisational goal

Characteristics of useful information:
- Relevant
- Relative
- Complete
- Timely
- Understandable
- Verifiable
- Accountable.

Traditionally silo processing was used which kept each aspect of the business separate, but now there tends to be a central database.

Transaction processing: the process of capturing, processing, storing and producing information output from transaction data.
Get give exchange: transactions that occur many times

Business Processes/Transaction Cycles:
- Revenue cycle: selling goods for cash or the promise of it
- Expenditure cycle: purchasing inventory/new material
- Production/conversion cycle
- Human resource/payroll cycle
- Financing cycle

Accounting information system: a system that collects, records, stores and processes data to produce information for decision makers. The components are:
- Users
- Procedures and instructions
- Data
- Software
- IT infrastructure
- Internal controls and security measures

They add value through:
- Improving quality and reducing costs of products and services
- Improving efficiency
- Sharing knowledge
- Improving efficiency and effectiveness of supply chain

- Improving internal controls
- Improving decision making
- It safeguards the organisation