

ASSESSMENT # 1

Total Marks: 30

1. Short Questions:

(20)

- i. What is fraud?
- ii. What skills are most important for the successful practice of forensic accounting?
- iii. What qualities of mind and/or body should a forensic accountant possess?
- iv. Outline the basic steps involved in fraud investigation.
- v. How would you distinguish forensic accounting, fraud auditing and investigative auditing from financial auditing?

Case Study

The administrator of the school board in a small city had ultimate authority for all items payable from the board's annual budget. As an administrator, he travelled frequently to education conventions and meetings of administrators in the capital and across the country. Although he was an excellent CPA and the day-to-day affairs of the board ran smoothly, his prickly personality did not endear him to the board and made his attempts to gain approval for his proposals difficult.

Frustrated and increasingly embittered, he saw a way to get back at the board by using his signing authority to approve personal expenditures and write cheques to himself. He submitted mileage expenses while using a car leased for him by the board, and he used the board credit card to put fuel in his own car. Other bills submitted to and approved by himself were for meals and entertainment at weekends and for repairs to his car. His secretary 'blew the whistle' on him when she became aware of some of these activities. (10)

In light of the above situation, please answer the following questions:

1. How should the investigation into the above case be started?
2. Outline some documents which you think might help disclose the administrator's fraudulent activities.
3. If a forensic accountant is to be hired, how should he/she be chosen?
4. Should the administrator be interviewed? If so, at which stage?