Assignment Cover Sheet

BRENTWOOD
OPEN LEARNING COLLEGE

Student Name:	Alexa Ferrenberg
Student Number:	1344
Course:	Diploma in Forensic Accounting
Assignment NO:	Assessment 1

I. What is fraud?
According to the Association of Certified Fraud Examiners (ACFE), occupational fraud is “the use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization’s resources and assets.”
It gives three conditions that are likely to be present when fraud occurs:
- Pressure or incentive
- Opportunity
- Attitude and rationalization

That’s called fraud triangle.[1]

II. What skills are most important to the successful practice of forensic accounting?
Forensic accountants need different kind of skills e. g.:
- Ability to identify fraud with minimal initial information
- Interviewing skills
- They need a good mindset
- Knowledge of evidence
- Presentation techniques
- Knowledge of investigative techniques
- Investigative skills[2]

III. What qualities of mind/and or body should a forensic accountant possess?
A forensic accountant needs different core skills. A forensic accountant must be analytical, intelligent, resilient and methodical and so on. These are personal attributes. But a forensic accountant needs also knowledge-based skills like written communication, critical thinking and technical accounting skills and so on.[3]

IV. Outline the basic steps involved in fraud investigation.
1. Accepting the investigation
2. Planning the investigation: The investigating team must determine the objectives of their assignment. That means the team needs to identify the type of fraud, to reveal involved people, to determine the financial loss, to gather evidence and to suggest ways to prevent the future occurrence of fraud.
3. Gathering Evidence: It’s absolutely necessary to be very careful while gathering evidence and should ensure that the proper chain of custody is observed.
4. Reporting: By the end of the investigation the investigating team writes a report. In

[1] Introduction to Forensic Accounting, Unit 1; BOLC; p. 4
[2] Introduction to Forensic Accounting, Unit 1; BOLC, p. 10
[3] Introduction to Forensic Accounting, Unit 1; BOLC, p. 9

this report the results are summarized. The report also includes some recommendations and suggestions to prevent future frauds.
5. Court proceedings: If the investigation leads to a court case the investigating team has to present the findings and defend their conclusions.[4]

V. How would your distinguish forensic accounting, fraud auditing, and investigative auditing from financial auditing?
The main difference between forensic accounting, fraud auditing, and investigative auditing from financial auditing is the concept. The focus of financial auditing is to check that companies complies the regulatory standards (US-GAAP, IFRS…). However forensic accounting has the focus on fraudulent transactions.

Case Study

1. **How the investigation for the above case should be started?**
   First it should start with an interview with his secretary. She was the first who became aware of some of these activities.

2. **Outline some documents which you think can help disclose the administrator's fraud activities.**
   The following documents can help discloses the administrator's fraud activities: the bills for meals and entertainment on weekends and the repairs to his car. Also the investigation team should check the board credit card statement to find some indications of fraudulent behavior.

3. **If the forensic accountant is to be hired, how should he be chosen?**
   The forensic accountant should have good interviewing skills because he/she has to interview the administrator and the secretary. The next important skill is that he/she should have knowledge of evidence because he/she must gather a lot of evidence from the administrator of the school board.

4. **Should the administrator be interviewed? If so at which stage?**
   The administrator of the school board should be interviewed. That is important to save the evidence and it gives details about his motivation. Because of his prickly personality the investigator should ask more "open-ended" questions. That could be a way to obtain a confession from him.

Student Statement:

By submitting this assignment, I confirm that this is my own work.

Student Signature	Alexa Ferrenberg	Date	25.02.2015

For Tutor / Assessor Use Only

Total Marks	
Marks Obtained	
Percentage / Grade	

[4] Introduction to Forensic Accounting, Unit 1; BOLC, p. 5-7