

CONFIDENTIAL

DECEMBER 2025/SET A/FSC4023



FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	: FORENSIC ACCOUNTING
COURSE CODE	: FSC4023
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **FIVE (5)** questions.
2. Answer **ALL** questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
4. Do not bring any material into the examination hall.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO. : _____

ID. NO. : _____

LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 6 printed pages including the front page.

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QUESTION 1

Jagung Emas Sdn. Bhd. (Jagung Emas), a company that was awarded a RM50 million government contract to construct a public community centre, has come under scrutiny due to several serious concerns surrounding the procurement and execution of the project. The contract was overseen by Mr. Azman, a senior officer in the local authority, who was later found to have met frequently with Mr. Rahim, the director of Delta Construction, in the period leading up to the award of the tender, raising questions about impartiality and possible undue influence during the bidding process.

After Jagung Emas was awarded the project, a transfer of RM300,000 was made into the bank account of Mr. Azman's wife by a company linked to Mr. Rahim, suggesting a potential conflict of interest or corrupt inducement. Problems continued after work began, as the completed community centre was of poor quality and the total cost exceeded the original budget by approximately 40%, indicating inadequate oversight, cost control failures, and possible misallocation of public funds.

Furthermore, internal staff reported that other firms with lower and more competitive bids were disqualified without transparent or justified reasons, undermining the fairness and integrity of the procurement process. Taken together, these issues point not only to potential corruption and governance failures within the local authority, but also to significant weaknesses in accountability, ethical standards, and internal controls in the management of public contracts.

Required:

- a. Explain **THREE (3)** red flags that indicate a possible corruption scheme in the above situation. (6 marks)
- b. Assess **FOUR (4)** impacts of this corruption scheme on stakeholders. (8 marks)
- c. Determine **THREE (3)** appropriate control measures to overcome the corruption scheme. (6 marks)

(Total: 20 marks)

QUESTION 2

Pilicon Berhad (Pilicon), a publicly listed technology company, reported an impressive 60% increase in profit for 2024 despite weak market conditions, but subsequent investigation raised serious concerns about the quality and reliability of its reported performance. The profit surge was driven primarily by a sharp increase in sales recorded near the end of the financial year, with the majority of these sales attributed to a single large distributor and an unusually concentrated pattern that deviated from the company's typical revenue trends.

Further examination revealed that many of the reported year-end sales lacked proper delivery documentation, suggesting that goods may not have been shipped or delivered before the reporting date, which is a key requirement for legitimate revenue recognition. To compound the issue, a significant portion of these goods was returned by the distributor in early 2025, yet these returns were not reflected in Pilicon's 2024 financial statements, leading to an overstatement of revenue and profit for that year.

Additionally, internal review highlighted that management bonuses were tied to achieving specific profit targets, creating incentives that may have influenced the timing and recognition of revenue to meet performance thresholds. Taken together, these factors point to potential earnings manipulation, weak internal controls, and cosmetic accounting practices, driven by performance-based incentives that undermined the integrity of the company's financial reporting.

Required:

- a. Explain **THREE (3)** indicators that suggest financial statement fraud in the above case.
(6 marks)
- b. Assess **FOUR (4)** motivations for committing the above financial statement fraud.
(8 marks)
- c. Evaluate **THREE (3)** consequences if the fraud is discovered during an investigation.
(6 marks)

(Total: 20 marks)

QUESTION 3

Selat Tebrau Sdn. Bhd. (Selat Tebrau), a supplier of office equipment to various government agencies, was found through an internal audit to have wide variations in purchase prices for similar items across departments, prompting further investigation into procurement practices. The review revealed that some invoices lacked supporting documentation, such as delivery orders, raising doubts about whether goods were properly received before payment. It also showed that the same supplier was repeatedly selected despite offering higher prices than competitors, suggesting potential favouritism or lack of competitive tendering.

Additionally, concerns about financial integrity arose when it was observed that one procurement officer, Mr. Hadi, appeared to live beyond his known salary, indicating a possible source of unexplained income. Whistleblowers further alleged that fake suppliers were being used to channel funds to certain staff, implying fraudulent schemes to divert public money. Collectively, these findings point to serious weaknesses in procurement controls, potential corruption, and the need for stronger internal oversight and accountability.

Required:

- a. Explain **THREE (3)** types of evidence that can be used in Selat Tebrau fraud case.
(6 marks)
- b. Analyse **THREE (3)** examples of evidence that can be linked to support a fraud allegation in Selat Tebrau.
(6 marks)
- c. Evaluate **TWO (2)** aspects of the reliability of the evidence and recommend how investigators can strengthen the case.
(8 marks)

(Total: 20 marks)

QUESTION 4

KK Mart Berhad (KK Mart), an online retail platform, reported high levels of sales revenue, yet actual cash inflows remained surprisingly low, prompting an investigation into its transaction data. The review found that thousands of small transactions occurred at odd hours, which was unusual compared to normal customer purchasing patterns, and suggested possible artificial activity. Many of the customer accounts involved shared similar email patterns, indicating that they may have been created in bulk rather than representing genuine individual users.

Additionally, several refunds were processed quickly but repeatedly to the same few bank accounts, raising concerns that funds were being diverted rather than returned to legitimate customers. It was also noted that the Information Technology (IT) manager had full access to the transaction logs, giving him the ability to manipulate data or conceal unauthorized activity. Taken together, these findings suggest potential internal collusion, manipulation of sales figures, and weaknesses in system controls that could facilitate fraud or fictitious transactions rather than genuine retail sales.

Required:

- a. Explain **THREE (3)** IT tools or techniques that can be used to detect fraud in KK Mart case.
(6 marks)
 - b. Assess **FOUR (4)** roles of IT in detecting fraud in KK Mart.
(8 marks)
 - c. Evaluate **THREE (3)** risks due to poor IT controls in organization.
(6 marks)
- (Total: 20 marks)

QUESTION 5

Aurora Sdn. Bhd. (Aurora) discovered that funds were missing from several client accounts, and suspicion soon fell on Ms. Nadia, a senior account executive, after an internal review revealed multiple concerning indicators. Ms. Nadia was found to control both the recording and payment functions, giving her unchecked access to manipulate account balances and transactions without adequate oversight. This lack of separation of duties created an environment where errors or intentional misappropriation could go undetected. Several clients also complained about discrepancies in their account balances, reporting missing funds that could not be satisfactorily explained, which further pointed to possible misappropriation.

In addition, Ms. Nadia's lifestyle had noticeably improved in a short period, raising suspicions that unexplained funds may have been used to finance personal expenses. Compounding these concerns, she avoided internal audit interviews and exhibited evasive behaviour when asked to provide explanations, which undermined the investigation and suggested a potential attempt to conceal her actions. Taken together, these findings indicate serious weaknesses in internal controls, potential fraud or embezzlement, and the need for stronger oversight and accountability in the company's financial operations.

Required:

- a. Discuss **THREE (3)** principles of effective interviewing in the Aurora missing funds investigation.
(6 marks)
- b. Analyse **FOUR (4)** procedures that the interviewer should undertake when interviewing Ms. Nadia.
(8 marks)
- c. Evaluate **THREE (3)** effectiveness of interrogation if Ms. Nadia denies involvement.
(6 marks)

(Total: 20 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER