

**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. : _____

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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.

QUESTION 1

Seri Damai Development Sdn. Bhd. (Seri Damai), a construction company appointed to build a RM65 million public sports complex, became the subject of an anti-corruption investigation after several irregularities were identified during the tender and project implementation stages. The project was supervised by Mr. Faizal, a senior procurement officer in the municipal council, who was frequently seen attending private dinners and overseas trips sponsored by Zenith Builders, one of the bidders for the project.

Shortly after Zenith Builders secured the contract, investigators discovered that RM450,000 had been transferred into the personal account of Mr. Faizal's brother through a consultancy company connected to Zenith Builders. Concerns escalated when the sports complex experienced major structural defects within six months of completion, requiring additional repair costs funded by the government.

Further review also revealed that several lower-cost contractors were rejected during the tender evaluation process due to vague technical reasons that were not properly documented. Internal auditors concluded that there were serious weaknesses in procurement transparency, project monitoring, and ethical governance practices.

Required:

- a. Explain **THREE (3)** possible corruption schemes perpetrated in Seri Damai. (6 marks)
 - b. Assess **FOUR (4)** impacts of the above corruption scheme on stakeholders. (8 marks)
 - c. Determine **THREE (3)** internal control mechanisms to overcome the corruption scheme in Seri Damai. (6 marks)
- (Total: 20 marks)

QUESTION 2

Ammar Berhad (Ammar), a listed electronics manufacturer, reported a substantial increase in annual profits despite declining demand in the technology sector. The company's financial statements showed a sharp rise in revenue during the final month of the financial year, primarily generated from large sales transactions with a newly appointed distributor.

However, forensic accountants later discovered that many of the sales transactions did not have supporting shipping documents or customer confirmations. In addition, a large percentage of the products sold were returned shortly after the financial year ended, yet the returns were not recorded in the company's accounts.

Investigators also found that senior management compensation packages were heavily linked to profit growth and share price performance. Internal whistleblowers claimed that employees were pressured to recognise revenue early in order to meet financial targets and maintain investor confidence.

Required:

- a. Explain **THREE (3)** indicators that suggest financial statement fraud in Ammar case.
(6 marks)
- b. Assess **FOUR (4)** causes of financial statement fraud in Ammar case.
(8 marks)
- c. Evaluate **THREE (3)** investigation techniques that can be employed in financial statement fraud of Ammar case.
(6 marks)

(Total: 20 marks)

QUESTION 3

Rapid Klang Holdings Sdn. Bhd. (Rapid Klang), a supplier of maintenance equipment to government departments, was subjected to an internal fraud investigation after auditors identified unusual procurement transactions. The audit found significant differences in prices paid for similar equipment purchased by different departments.

Several invoices could not be matched with delivery orders or receiving reports, creating doubts about whether the goods were actually delivered. The investigation also discovered that the same supplier was repeatedly awarded contracts despite offering prices much higher than market competitors.

Further suspicion arose when one procurement executive, Mr. Kamal, was found to own several luxury vehicles and properties that appeared inconsistent with his official salary. Anonymous whistleblowers additionally alleged that shell companies had been created to submit fake invoices and divert company funds to selected employees.

Required:

- a. Explain **THREE (3)** examples of evidence that can be collected by the investigator of Rapid Klang.
(6 marks)
 - b. Analyse **THREE (3)** general sources of documentary evidence that can be obtained by an investigator of Rapid Klang.
(6 marks)
 - d. Evaluate **FOUR (4)** sources of fraud detection practices that can be implemented by Rapid Klang.
(8 marks)
- (Total: 20 marks)

QUESTION 4

Kelisa Berhad (Kelisa), an e-commerce platform specialising in online retail sales, reported exceptionally high transaction volumes during the year. However, the company's finance department observed that actual cash collections remained significantly lower than expected.

An information technology (IT) investigation found thousands of repeated low-value transactions taking place during unusual late-night hours. Many customer accounts involved in the transactions used nearly identical usernames and email structures, indicating that the accounts may have been generated automatically.

In addition, investigators discovered that refund payments were repeatedly transferred to a small number of bank accounts. The investigation also revealed that the system administrator had unrestricted access to transaction databases and audit logs, increasing the possibility of data manipulation or concealment of fraudulent activities.

Required:

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

QUESTION 5

Glass Edge Sdn. Bhd. (Glass Edge), a financial advisory company, identified discrepancies involving missing funds from several client investment accounts. Suspicion centered on Ms. Alia, a senior finance executive, after internal investigators found that she was responsible for both recording transactions and approving fund transfers.

Several clients reported unexplained reductions in their investment balances, while internal auditors observed that supporting records for certain transactions were incomplete or missing. At the same time, Ms. Alia appeared to have significantly upgraded her lifestyle within a short period, including the purchase of luxury items and overseas holidays.

During the internal investigation, Ms. Alia repeatedly postponed meetings with auditors and provided vague explanations regarding the missing funds. Her reluctance to cooperate increased concerns that she may have been involved in fraudulent activities or attempts to conceal evidence.

Required:

- a. Assess **THREE (3)** procedures for interview preparation. (6 marks)
- b. Analyse **FOUR (4)** Ms. Alia's potential reactions to the fraud allegations in Glass Edge. (8 marks)
- c. Discuss the following methods that maybe used to assess Mr. Azlan's honesty:
 - i. Eye movement.
 - ii. Surprising the suspect.

(6 marks)

(Total: 20 marks)

(TOTAL: 100 MARKS)**END OF QUESTION PAPER**