**CASH QUESTION**

Cash is the favorite target of fraudsters and accounts for approximately 85 percent of all assets

misappropriations. Much is taken by outright cash larceny and skimming, but the majority is stolen through more elaborate disbursement schemes, including some manipulation of the billing and payroll systems or falsification of expense reimbursements and check tampering

Dishonest employees often manipulate receipts being prepared for deposit. This is common in small companies where the same person is responsible for booking the cash receipts and writing the checks for deposit. It is not uncommon for the long-term “trusted employee” to become an “opportunity taker”-type of fraudster in the face of this temptation. Because the money is so available and no one appears to be watching, the fraudster frequently rationalizes the theft as “borrowing” with the intent to return the cash later. Of course, since the money is easier to take than to return, the accrued amount stolen soon becomes too great to replace and the fraudster becomes locked into an endless round of theft and cover-up.

Read the case in the box below and answer the related question written below the case

A receptionist/bookkeeper at a small dental practice was the only person who understood the

proprietary software used to track patient data, as well as being the one who prepared deposits of

receipts for the bank. The bookkeeper noticed that she could input data (checks, insurance receipts, credit card receipts) and prepare a deposit slip for the owner to take to the bank, before inputting cash into the system. The deposit slip given to the owner of the practice did not show certain cash receipts, and hence he had no idea the bookkeeper had in fact pocketed the money. She entered the cash into the system after printing the deposit slip, just in case a patient should ever be questioned about his or her account.

The bookkeeper left the practice after six weeks for a better-paying job. However, she did not factor into her scheme a patient who returned to the dental office asking for a receipt for the cash she had paid two weeks before. The new receptionist/bookkeeper, not yet being familiar with the computer system, obtained the deposit slip used by her boss to make the deposit on that particular day and, of course, the cash was nowhere to be found. They then went into the computer file and realized what had happened. A call to the police ensued!

**(a)**Describebriefly each of the following threefactors that influence the occurrence of cash fraud:Pressure/incentive: Opportunity and Rationalization **(6 Marks)**

**(b)**For each fraud factor, provide six examples that influencethe theft of cash**(9 Marks)**

**(c)**How can the theft of cash be controlled **(10 Marks)**