

1.

Fraudulent financial reporting often involves management override of controls that otherwise may appear to be operating effectively.

Illustrate any three techniques by which fraud can be committed by management overriding controls. **(3 Marks)**

2.

The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Explain.

3.

Detection of manipulation of accounts with a view to presenting a false state of affairs is a task requiring great tact and intelligence because generally management personnel in higher management cadre are associated with this type of fraud and this is perpetrated in methodical way. Explain why such frauds are committed.

4.

Misappropriation of assets can be accomplished in a variety of ways. Explain those particular ways.

5.

While conducting audit of Always Best Company Ltd, auditor B of B L Kapur & Co. observes lot of intentional misstatements, e.g. fake invoices etc., and considers these encounters as exceptional circumstances and this brings into question his ability to continue performing the audit. Advise B as to what should he do?

6.

Write the examples of circumstances that indicate the possibility of fraud due to problematic or unusual relationship between the auditor and management.