CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB30603
COURSE NAME	:	FORENSIC ACCOUNTING AND FRAUD EXAMINATION
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	20 JUNE 2026
TIME	:	2PM – 5PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **FIVE (5)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE FOUR (4) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

(a) Describe the following terms:

i. Forensic accounting
ii. Forensic auditing
iii. Forensic investigation.

(6 marks)

(b) Explain **THREE (3)** categories of fraud that a forensic accountant may investigate.

(9 marks)

(c) Identify **FIVE (5)** key considerations a forensic accountant must evaluate when accepting an investigation engagement.

(5 marks)

[20 marks]

Question 2

Bloom Tech Solutions Sdn. Bhd. is a rapidly growing Information Technology (IT) services company. Over the past year, the company expanded aggressively and faced increasing pressure to meet profit targets set by investors.

Recently, several suspicious activities have come to light. The Finance Manager, Mr Asri has been under personal financial stress due to large personal debts. He has full control over the company's accounting system, including the ability to approve journal entries and vendor payments without independent review. It was discovered that certain expenses were capitalised to inflate profits, and some liabilities were deliberately omitted from the financial statements. During preliminary questioning, Mr. Asri justified his actions by claiming that he was "helping the company survive during a critical growth phase." He is known to be highly experienced, intelligent, and familiar with internal control weaknesses within the organisation.

The board suspects financial statement fraud and has engaged a forensic accountant.

Required:

(a) Using the Fraud Diamond Theory, analyse the behaviour of Mr. Asri and support your answer with evidence from the case.

(8 marks)

(b) Explain **THREE (3)** internal control weaknesses that allowed fraud to occur and recommend **THREE (3)** improvements to prevent recurrence.

(6 marks)

(c) Discuss **THREE (3)** key investigation procedures to establish the extent of the fraud.

(6 marks)

[20 marks]

Question 3

Gemara Trading Sdn. Bhd. recently discovered that key financial documents were missing during an investigation into suspected fraud. Some digital records appear altered, and employees are reluctant to cooperate. There is also suspicion that evidence may have been deliberately destroyed.

Required:

(a) Discuss **FOUR (4)** importance of the chain of custody in forensic investigation and the risk of poor evidence handling.

(8 marks)

(b) Explain **THREE (3)** ways on how a forensic accountant would respond to tampered or destroyed evidence.

(6 marks)

(c) Explain **THREE (3)** roles of interview and interrogation techniques in obtaining reliable evidence.

(6 marks)

[20 marks]

Question 4

Zentro Trading Sdn. Bhd. is a small import-export company that has recently shown unusually high cash inflows despite limited business activity. A review of its bank transactions reveals:

- Multiple large cash deposits structured just below reporting thresholds
- Frequent transfers to overseas accounts in jurisdictions known for banking secrecy
- Payments received from unrelated third parties with no clear business purpose
- Immediate withdrawal or transfer of funds after deposits

The authorities suspect that the company is used as a vehicle for money laundering.

Required:

(a) Explain **THREE (3)** stages of money laundering that may be occurring in the above scenario.

(9 marks)

(b) Identify any **THREE (3)** red flags of money laundering evident from the above scenario.

(3 marks)

(c) State **FOUR (4)** roles of a forensic accountant in detecting and preventing money laundering activities.

(8 marks)

[20 marks]

Question 5

Smart Parts Sdn. Bhd. manufactures and sells parts used in the automotive industry to both car manufacturers and to garages specialising in the repair and servicing of cars. The audit committee has engaged your firm to conduct a forensic investigation to quantify the loss suffered arising from inventory fraud, and to recommend improvements in the company's controls to avoid similar issues in the future. Furthermore, the audit committee has indicated that, although the quantification of the loss is to form the basis of an insurance claim, the matter has been reported for further investigation.

Having accepted the engagement, the operations director provides you with the following summary of the allegations made by the whistle-blower:

"The warehouse manager has been working with one of the sales representatives to dispatch goods to a fictitious customer whom the warehouse manager has created on the dispatch system. The sales orders are input by the sales representative into the dispatch system, which is not directly linked to the invoicing and accounting system. After the goods dispatch note is issued by the warehouse manager and the goods leave the warehouse for delivery to the fictitious customer, the sales representative cancels the original order. The warehouse manager reverses the dispatch immediately so that the daily report on inventory movement used to generate invoices in the sales system does not reflect movement of the goods. The sales representative takes delivery of the goods at the address of the fictitious customer and then sells the parts on the internet, splitting the proceeds with the warehouse manager. The warehouse manager supervises and participates in all inventories counts and this way ensures he can adjust the records of inventory to disguise the missing items."

The operations director has indicated that no authorisation is required for either the cancellation of orders or the reversal of dispatch notes.

Required:

(a) Discuss **FOUR (4)** procedures that should be performed to quantify the inventory loss.

(8 marks)

(b) Identify **THREE (3)** internal control weaknesses that contribute to fraud.

(6 marks)

(c) Provide **THREE (3)** recommendations to prevent the same fraud from recurring.

(6 marks)

[20 marks]

END OF EXAMINATION PAPER