A Quiz on Fraud in the Workplace

Intent

To provide suggestions which are feasible for small businesses with limited staff and resources to help deter or reduce the risk of fraud. As the business grows, their internal control procedures should as well.

1. Most frauds are committed by (choose one):
    a. Smooth-talking, deceptive con artists
    b. Long-term, trusted management level employees
    c. Sharp, young employees who are new to the job
    d. Front-line or field employees with access to assets
2. Which of the following scenarios might encourage the bookkeeper for a small company to "temporarily borrow" some funds from the company (choose all that apply)?
    a. The job duties include:
        - Posting deposits and checks to the accounting records
        - Creating checks for the owner to approve and sign
        - Mailing checks after the owner signs them
        - Promptly reconciling the checking account at the end of the month after you receive the bank statement
        - The boss doesn't understand the accounting reports and seldom reviews the financial statements.
    b. The company owner has a clearly posted "immediate dismissal and report to the authorities" policy for theft within the company.
    c. As a part-timer, the bookkeeper is paid at a very modest hourly amount, doesn't qualify for benefits and has some high expenses and several large credit card balances.
3. True or False: The bank will only clear checks that show the name(s) of authorized signers.
4. True or False: The bank checks authorized signatures on checks exceeding $10,000.
5. Your blank checks are stored in a drawer in your bookkeeper's desk. Without your knowledge, several checks are removed from the bottom of the box and made payable to "Pam Wilson." Your name is forged and the checks are cashed. They clear for a total of $14,500. Your actual loss is (choose one):
    a. $0; because the bank is responsible for any forged checks.
    b. $0; because you discovered the forgery two months later while performing your bank

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reconciliations and promptly reported it to the bank.

c. $0; because your employee bonding insurance will cover the loss.

d. $14,500; because you were negligent. The checks were not properly secured, you did not report the theft to the bank within 30 days of receiving your statement and your insurance deductible is $50,000.

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