

1. Forensic accounting and fraud auditing are synonymous.
  - a. True
  - \*b. False
  
2. Forensic accountants generally look at history rather than the future.
  - a. True
  - \*b. False
  
3. The scribes of ancient Egypt were the forerunners of today's accountants.
  - \*a. True
  - b. False
  
4. Over time the definition of forensic accounting has changed from being an investigative accountant to litigation support (testifying in court).
  - a. True
  - \*b. False
  
5. Expert witnessing can be traced back to the early 1800s to a court decision in Scotland.
  - a. True
  - \*b. False
  
6. James McClelland, a Glasgow, Scotland accountant, probably was the first known forensic-type accountant.
  - \*a. True
  - b. False
  
7. The forerunner of the AICPA was created before the 1900s.
  - \*a. True
  - b. False
  
8. Delaware was the first state to legislate CPA laws.
  - a. True
  - \*b. False

9. Expert witness articles did not appear until the 1900s.

- a. True
- \*b. False

10. Accountants as expert witnesses began in criminal and arbitration cases.

- a. True
- \*b. False

11. Arbitration was the driving force for expert witnessing in England in the early years.

- \*a. True
- b. False

12. Robert Lindquist probably invented the phrase "forensic accounting."

- a. True
- \*b. False

13. Arthur Andersen created a CPA firm that eventually disappeared.

- \*a. True
- b. False

14. The Journal of Accounting began in 1964.

- a. True
- \*b. False

15. In 1948, there were less than 100 accountants working for the FBI.

- \*a. True
- b. False

16. (G.) Jack Bologna was the author of the first forensic accounting book.

- a. True
- \*b. False

17. Jack Bologna and Robert Lindquist said that finding fraud was like an iceberg: many of the behavioral considerations lurk beneath the surface.

- \*a. True
- b. False

18. An AICPA committee in 1986 broke forensic accounting into two broad areas: investigative accounting and litigation support.

- \*a. True
- b. False

19. An AICPA committee in 1986 indicated that CPAs should not be engaged in valuation projects.

- a. True
- \*b. False

20. The Panel on Audit Effectiveness believes that forensic-type fieldwork means converting the traditional audit into a "fraud audit."

- a. True
- \*b. False

21. Forensic-type fieldwork refers to an attitudinal shift in an auditor's degree of skepticism.

- \*a. True
- b. False

22. Consulting standards may apply to a forensic accountant.

- \*a. True
- b. False

23. Peremptory refers to the fact that a forensic accountant can be proactive.

- \*a. True
- b. False

24. A forensic audit is generally a sampling activity.

- a. True
- \*b. False

25. Doug Carmichael is the Chairman of the PCAOB.

- a. True
- \*b. False

26. The net worth method was developed by the FBI.

- a. True
- \*b. False

27. The smoking gun to convict Al Capone was a cash receipts journal with Capone's name on it.

- \*a. True
- b. False

28. Hercules DeCordes may have been one of the first forensic accountants.

- \*a. True
- b. False

29. Plagiarism is considered to be fraud.

- \*a. True
- b. False

30. A forensic accountant uses interviews and leveraging techniques designed to elicit sufficient information to prove or disapprove a hypothesis.

- \*a. True
- b. False

31. A forensic accountant does not search public records.

- a. True
- \*b. False

32. Like on television shows, a forensic accountant may have to keep a chain of custody.

- \*a. True
- b. False

33. Satyam in India means truth.

- \*a. True
- b. False

34. Several chairmen of the House Ways and Means Committee have had ethical lapses.

- \*a. True
- b. False

35. The SEC accused Sir Allen Stanford of engaging in a \$64 billion ponzi scheme.

- a. True
- \*b. False

36. The American Accounting Association has a forensic section.

- \*a. True
- b. False

37. In the first volume of the Accountants' Index, forensic-type articles were found under which category?

- a. Forensic.
- \*b. Evidence.
- c. Fraud.
- d. Investigation.
- e. None of the above.

38. Expert witnessing can be traced back to a court decision in 1817 in what country?

- \*a. Canada.
- b. United States.
- c. Scotland.
- d. Great Britain.
- e. None of the above.

39. Who was probably the first modern forensic accountant?

- a. Alex Moore.
- b. Cleveland F. Bacon.
- \*c. James McClelland.
- d. William H. Shawcross.
- e. None of the above.

40. Which statement is false?

- \*a. The first forensic-type accounting court decision occurred in Scotland.
- b. Accounting expert witnesses testify in more civil cases than criminal cases.
- c. New York legislated the first CPA law.
- d. William H. Shawcross wrote the first accounting expert witness article.
- e. All of the above.

41. Which statement is true?

- a. Meyer Sefton was the first forensic accountant.
- \*b. Forensic accounting probably had its genesis in Canada.
- c. In the United States, the first federal income tax was passed in 1918.
- d. Maine legislated the first CPA law.
- e. None of the above.

42. Which accounting firm audited all of these companies: Sunbeam, Waste Management, Global Crossing, and Baptist Foundation of Arizona?

- a. KPMG.
- b. PriceWaterhouse.
- c. Deloitte & Touche.
- \*d. Arthur Andersen.
- e. None of the above.

43. Who probably coined the phrase "forensic accounting?"

- a. Joe M. Baker.
- b. W.R. Forense.
- c. Robert Lindquist.
- \*d. Maurice E. Peloubet.
- e. None of the above.

44. Which statement is probably false?

- \*a. Expert witnessing articles began to appear in accounting literature in late 1800s.
- b. The Journal of Accountancy first appeared in 1905.
- c. The requirement of auditing corporations began in England before it began in the United States.
- d. The Federal Reserve Board was created in 1913.
- e. None of the above.

45. The author of the first forensic accounting book was:

- a. Karlman A. Barson.
- b. Robert L. Lindquist.
- \*c. Francis C. Dykeman.
- d. W.T. Thornhill.
- e. None of the above.

46. An AICPA committee in 1986 broke forensic accounting into two broad areas:

- a. Damages and valuation.
- \*b. Investigative accounting and litigation support.
- c. Accounting and valuation.
- d. Accounting and general consulting.
- e. None of the above.

47. Which is not one of the six areas of litigation services that the AICPA committee suggested in 1986?

- a. Damages.
- b. Valuation.
- c. Accounting.
- d. Analyses.
- \*e. All the above were suggested.

48. Which statement is false?

- a. The Public Oversight Board was an independent private sector body created in 1977.
- b. The Public Oversight Board's report recommended a number of forensic techniques to be included in audits.
- \*c. The Public Oversight Board's report occurred after the issuance of SAS No. 99.
- d. The Public Oversight Board's report suggested converting a traditional audit to a "fraud audit."
- e. All of the above are true.

49. Which statement is false?

- a. The Public Oversight Board suggested an attitudinal shift in an auditor's degree of skepticism.
- b. If a forensic accountant conducts a separate fraud investigation, he or she must follow consulting standards.
- \*c. In the early 1980s, changed auditing standards resulted in less reliance on internal controls.
- d. The Public Oversight Board's report occurred before the Sarbanes-Oxley Act.
- e. All of the above are true.

50. Peremptory refers to:

- \*a. Be there first.
- b. Not requiring any cause to be shown.
- c. One who strives to be the best.
- d. Take the place of.
- e. None of the above.

51. What was the smoking gun to convict Al Capone?

- \*a. An accountant's cash receipts ledger.
- b. Lavish lifestyle.
- c. Murdering a competitor.
- d. Wholesaling alcoholic beverages.
- e. None of the above.

52. What is not an indirect IRS audit technique?

- a. Cash T.
- b. Net worth method.
- \*c. Finding an unreported real estate sale.
- d. Bank deposit method.
- e. None of the above.

53. Which would not be included in the AICPA's definition of forensic accounting?

- a. Auditing.
- b. Investigative skills.
- c. Quantitative methods.
- d. Accounting.
- \*e. None of the above.

54. Which statement is false?

- a. The publisher of the Journal of Forensic Accounting champions the broad approach to forensic accounting.
- \*b. Fraud investigation is the major area of forensic accounting.
- c. Doug Carmichael is a former Chief Auditor of PCAOB.
- d. Peremptory refers to trying to prevent fraud.
- e. None of the above.

55. Which statement is false?

- a. The AICPA does not require auditors to carry out specific forensic procedures.
- b. Corporate investigation/corporate espionage is a form of forensic accounting.
- c. VaporStream refers to vanishing e-mail.



- d. According to one group, forensic accounting is akin to a police investigation.
  - \*e. None of the above.
56. Who said "what the use of finger prints was to the 19th century and DNA analysis was to the 20th, forensic accounting will be to the 21st century"?
- a. James Edwards.
  - \*b. Gordon Brown, British Chancellor of the Exchequer.
  - c. The AICPA in a press release.
  - d. Professor Gary Giroux.
  - e. Hercules DeCordes.
57. Black's Law Dictionary for forensics refers to?
- a. Forensics belonging to the law of justice.
  - \*b. Forensics belonging to the courts of justice.
  - c. Forensics belonging to the rules of justice.
  - d. Forensics belonging to the codes of justice.
  - e. None of the above.
58. Forensic auditing is most commonly associated with which of the following actions?
- a. Crime deterrence.
  - b. Investigating criminals.
  - c. Weak controls.
  - \*d. Gathering evidence.
  - e. Both c and d.
59. Which is not one of the six areas of litigation services?
- a. Anti-trust analysis.
  - b. Valuation.
  - \*c. Legal knowledge.
  - d. Analysis.
  - e. Damages.
60. Which of the following is not one of the six areas of litigation services?
- a. Damages.
  - b. General consulting.
  - c. Analysis.
  - \*d. Investigations.
  - e. Accounting.
- ,

61. Which would probably not be an added procedure in a forensic audit?

- a. Extensive use of interviews.
- b. Not accepting sampling as evidence.
- c. Mending evidential matter standards with the rules of evidence.
- d. Searching for legal evidence.
- \*e. All would be used.

62. What statement is *false* about Satyam Computer services?

- \*a. Their auditors were Ernst & Young.
- b. They listed more than \$1.0 billion nonexistent assets on their balance sheet.
- c. Satyam means truth.
- d. The company was registered with the SEC.
- e. None of the above.

63. Which chairman of the House Ways & Means was not accused of ethical lapses?

- a. Wilbur Mills.
- b. Charles Rangel.
- c. Dan Rostenkowski.
- \*d. Bill Thomas.
- e. None of the above.

64. Which white-collar crimes does the FBI investigate?

- a. Money laundering.
- b. Bank fraud.
- c. Health care fraud.
- d. Environmental crimes.
- \*e. All of the above.

65. \_\_\_\_\_ is the father of the term forensic accounting.

Correct Answer(s) :

- a. Maurice E. Peloubet

66. \_\_\_\_\_ is given credit for being the first forensic accountant.

Correct Answer(s) :

- a. James McClelland

67. \_\_\_\_\_ said that “what the use of finger prints was to the 19<sup>th</sup> century, and DNA analysis was to the 20<sup>th</sup> century, forensic accounting will be to the 21<sup>st</sup> century.”

Correct Answer(s) :

a. Gordon Brown

68. WorldCom’s main fraud strategy was \_\_\_\_\_.

Correct Answer(s) :

a. Moving expenses into asset accounts

69. \_\_\_\_\_ was the external auditor during the WorldCom fraud.

Correct Answer(s) :

a. Arthur Andersen

70. \_\_\_\_\_ found the smoking gun to help catch Al Capone.

Correct Answer(s) :

a. Frank Wilson

71. \_\_\_\_\_ pumped up earnings by placing into income certain cushion reserves originally established for other purposes.

Correct Answer(s) :

a. Xerox

72. Which is *not* one of the six areas of litigation services that an AICPA committee suggested in 1986?

- a. Valuation
- b. Damages
- \*c. Attestation
- d. Analyses
- e. Accounting

73. Wayne Bremser defined the modern role of forensic accounting to include four elements. Which of the following is *not* one of the four?

- a. Trial support
- b. Pretrial support
- c. Expert witnessing

- d. Settlement support
- \*e. Appellate support

74. If forensic accountants are brought into an audit for purposes of complying with SAS No. 99, they are required to follow \_\_\_\_\_ standards.

Correct Answer(s) :  
a. Auditing

75. Things forensic are generally those things that relate to a \_\_\_\_\_ forum or court.

Correct Answer(s) :  
a. legal

76. \_\_\_\_\_ refers to not requiring any cause to be shown.

Correct Answer(s) :  
a. Peremptory

77. Doug Carmichael prefers more tests of \_\_\_\_\_ rather than relying on tests of \_\_\_\_\_.

Correct Answer(s) :  
a. details, controls

78. Satyam means \_\_\_\_\_.

Correct Answer(s) :  
a. truth

79. In North America, forensic accounting can be traced as far back as 1817 to a \_\_\_\_\_ court decision.

Correct Answer(s) :  
a. Canadian

80. \_\_\_\_\_ was the auditor for Sunbeam, Waste Management, Baptist Foundation of Arizona, and Global Crossing.

Correct Answer(s) :  
a. Arthur Andersen

81. \_\_\_\_\_ began to emphasize fraud detection in the FBI.

Correct Answer(s) :

a. J. Edgar Hoover

82. The other name for the Committee on Sponsoring Organization (COSO) is the \_\_\_\_\_ Commission.

Correct Answer(s) :

a. Treadway

83. Under Sarbanes-Oxley Act, there is a \_\_\_\_\_-year prison sentence for anyone altering or destroying records or documents.

Correct Answer(s) :

a. 20

84. Who is given credit for first coining the phrase “forensic accounting”?

- a. Ken Robinson
- b. Philip J. Gallagher
- c. Fred Campbell
- \*d. Maurice E. Peloubet
- e. Kalman A. Barson