# MIS 5208 Mid-Term Exam

# Posted: March 5, 2017 at 2300 (11:00 PM) **Due: Sunday March 12, 2017 at 23:59 (11:59 PM)**

## **SUBMISSION REQUIREMENTS:**

1. One (1) Microsoft **Word** document with your name and date, page number and title on the first page and in the header of every subsequent page
2. All question responses, tables, graphs, and programming code are to be embedded in the Word document. Please use tables where appropriate.
3. Prepare the exam individually. This is not a team exercise.
4. You may use lecture notes and other class materials such as reference manuals and tutorials. However, you may not ask another person for assistance.
5. **Submit a Word Document Version of the exam to Blackboard by the due date.**
6. **NO LATE EXAMS ACCEPTED unless arranged with the instructor.**

## Section 1: Definition of Fraud / Fraud Analysis Coderre Chapters and Lecture Notes

1. True or false, is **ALL** theft fraud?
   1. True
   2. False
2. True or false, are **ALL** deceptive statements examples of fraud?
   1. True
   2. False
3. Define the fraud triangle. Use one or two sentences to describe each element of the triangle.
4. Data Analysis is a method for identifying the fraud. What are the three steps involved to use data for fraud identification? List these.
5. What assumption can auditors make when searching for sources of information. Select all that are correct.
   1. The information exists in an electronic form
   2. The information exists and is accessible
   3. The systems have information owners and permission is available to access the data
   4. There is good documentation on the data and the way the system structures the data
   5. The system owner is probably involved in the fraud in some way
   6. The information is not tainted and is forensically sound
   7. The data is clean and will be easily analyzed
6. What are the three (3) things auditors must be careful to avoid.
7. Which of the following are examples of fraud?
   1. Improper transfer pricing between related entities
   2. Stealing money, property or falsifying financial records to cover up a theft
   3. Paying an invoice without checking the invoice is accurate
   4. Conducting business activities that violate government statutes, rules, regulations, or contracts
   5. Writing a check knowing that there are not enough funds in the account to cover the payment
   6. Misrepresenting the financial status of an organization to outside parties by intentionally failing to disclose significant information
   7. Writing a check for a bill without knowing the amount of funds available
   8. All the above (a, b, c, d, e, f, and g)
8. On average, how much revenue does the average organization lose to fraud each year?
   1. 5%
   2. 8%
   3. 12%
   4. 15%
   5. None of the above
9. In an organization who is most likely to commit a fraud?
   1. Male
   2. Female
10. In ACL what does a filter do? (Choose the one (1) correct/best answer.)
    1. Screens out harmful radiation from your computer screen
    2. Identifies only those records meeting user defined criteria
    3. Reduces the amount of inaccurate data in an ACL data file
    4. All the above.
11. According to the Association of Certified Fraud Examiners 2014 report, which department of the following originates the most frauds?
    1. Accounting
    2. Customer Service
    3. Executive / Upper Management
    4. Finance
    5. Operations
    6. Sales
12. Define the three (3) steps to money laundering. Use one or two sentences to describe each step.
13. What are the six (6) risk factors for fraud?
14. In one or two sentences, describe the Control Weakness approach to fraud detection.
15. In one or two sentences, describe the Key Field Approach to fraud detection.
16. What are some of the problems with Data Sampling for fraud detection?
17. In ACL what is summarization? What function does it provide?
18. In ACL what does the count function do?
19. Benford Analysis
    1. What is Benford Analysis?
    2. How is Benford analysis used to detect fraud?
    3. List the Benford Distribution of values

## Section 2: ACL Audit Planning

Up until now you have worked with data that is largely uniform and easy to manipulate. We call this “clean data. In this exam, you will be asked to work with data that will need some cleanup. In this case, we will use data sent via email prior to issuing the exam and available for download from the MIS5208 web site.

1. Develop an investigation plan for the exercise in Section 3 of this exam. Complete the table below.

|  |  |
| --- | --- |
| ACL Analysis Plan | |
| Describe the information you need and have |  |
| Describe the location of the information (e.g. local file system, USB drive, etc.) |  |
| Describe any related projects (hint: labs performed in this class) |  |
| List the table names you will import and create and their associated data files |  |
| Briefly describe the process you will take to analyze the files |  |
| List the location of the output files (e.g. local disk, USB, etc.) |  |

## Section 3: ACL - Working with Data

**Use the sample data files sent via email or available for download from the Mid-Term Exam page on the MIS5208 Spring 2017 web page.**

Perform the following tasks and answer the following questions:

1. Exam Step 1 – Import the four data sources:
   1. AcceptableCodes
   2. EmployeeMaster
   3. ExpenseMaster
   4. UnacceptableCodes
2. Exam Step 2 – Correct any issues with the data in the four tables.
3. Submit the results of the verification and any changes you make to clean up the data.
4. Compare the layout of all tables. Show the column names and data types for each table. **Submit the results.**
5. Verify all tables. **Submit the results.**
6. Join the two tables EmployeeMaster, ExpenseMaster, AcceptableCodes, UnacceptableCodes with any of the following methods:
   * 1. Join
     2. Relations
     3. Extract
7. Run the **profile command** on the ExpenseMaster table on the most appropriate column. **Submit the results.**
8. **Print a report** with the employee’s first and last name showing of a summary their expenses.Submit the results.
9. Exam Step 4 – Analyze the Data Using ACL Filters
10. Use a filter to show all transactions that occur between January 2014 and March 15, 2014. Also count the results.
11. Use a filter to show all expenses greater than or equal to $500.00. Count the results.
12. Use a filter to show all expenses less than or equal to $500.00. Count the results.
13. Exam Step 3 – Analyze the Data
14. Duplicates
15. Are there any duplicates expenses? **Submit the results.**
16. Why would this be significant? **Submit your answer in one to three sentences.**
17. Address Discrepancies
18. Do the addresses look correct?
19. Why would this be significant? **Submit your answer in one to three sentences.**
20. Are the zip codes accurate – You will need to use an outside source of information?
21. Why would this be significant? **Submit your answer in one to three sentences.**
22. Transaction Analysis
23. How much was spent on unacceptable transaction codes? **Submit the results.**
24. How much was spent on acceptable transaction codes? **Submit the results.**
25. How much was spent on all airlines? **Submit the results.**
26. How much was spent on all restaurants? **Submit the results.**
27. How much was spent on all rental cars? **Submit the results.**
28. How much was spent on veterinary services? **Submit the results.**
29. How much was spent on Court Costs, Including Alimony and Child Support), Fines, Bail and Bond Payment, Tax Payments, and Government Loan Payments? **Submit the results.**
30. Which of transactions have multiple transactions with same vendor in a brief period (3 days)?
31. Why would this any or all this information be helpful in determining fraud?
32. Exam Step 4 – Analyze the Data
33. Benford Analysis
    1. Perform a Benford Analysis on the ExpenseMaster data. **Submit the results**.
    2. Is the data consistent with a Benford Distribution?
    3. What might this mean?