

IDEA
Assignment Guide
Created for Forensic Accounting and Fraud Examination

This assignment assumes that the instructor and students have downloaded and opened the student version of IDEA.

As of the time of this writing, the web address of the IDEA Academic Partnership is the follow:

<https://www.casewareanalytics.com/idea-academic-partnership>

The screenshot displays the CaseWare Analytics website. At the top right, there are links for 'customer support', 'IDEA app store', and 'blog', along with 'REQUEST DEMO' and 'CONTACT US' buttons. The CaseWare Analytics logo is on the left, with a search bar and a language dropdown set to 'English'. A navigation menu includes 'Products', 'Solutions', 'Customers', 'Resources', 'Find Distributors', 'Training', and 'About Us'. The breadcrumb trail reads 'Home > Resources > IDEA Academic Partnership'. On the left, a 'Resources' sidebar lists 'Blog', 'Whitepapers', and 'Events'. The main content area features a blue banner for 'IDEA Academic Partnership' with the text: 'As post-secondary institutions have to compete harder than ever for top students, it's vital that they offer the most valuable courses, training and skills development possible. For students planning to become auditors, accountants and other financial professionals, gaining hands-on experience in using data analytics provides them a highly competitive advantage when it comes time to job search.'

Professors interested in incorporating IDEA into the classroom would locate this information and contact IDEA directly.

Case background. The overall objective of the following assignments is to complete a forensic accounting / fraud examination of the payroll records related to contractors for the period January 1, 2018 through June 30, 2019. Fairmont Legal Services provide “temporary labor” services to support in-house legal council. Lawyers, employed by Fairmont, are located in the United States, Canada, England and Germany. The company started in 2017.

Fairmont Legal Services has the following accounting and payroll personnel.

- The accounting controller is Jennifer Gally and she manages the payroll master file.
- The payroll manager is Christine Alexander.
- Ms. Alexander gets payroll assistance from a general accounting clerk, Mary Perez. Ms. Perez manages the general ledger and complete almost all reconciliations.
- The accounting department has one other general accountant with no payroll duties, responsibilities nor authority, Carrie Rutten. Ms. Rutten is primarily in charge of the accounts payable, including disbursements, and accounts receivables, including collections, and well as involvement in the monthly closing.

Each week or upon completion of an assignment for a client, the contract laborers (attorneys) are paid. Legal service employees who claim 80 or more hours for a payroll period require the approval of the controller prior to payment. The attorneys are treated as employees and their payroll check can be cut on any day of the week, except Saturday and Sunday. To ensure adequate supervision, review and approval of payroll processing and disbursement, Fairmont strictly requires that payroll processing occur only on Monday-Friday. FICA (social security) and Medicare is withheld from employee paychecks. The company also enrolls all employees in a 401K retirement plan. Employees can contribute up to 6% of their salary. Only one attorney has terminated, Theresa Angelina. Ms. Theresa was one of Fairmont’s first employees and a former long-time roommate of the payroll manager.

The company also incurs payroll related (company) expenses in terms of FICA (6.2%), Medicare (1.45%) and a 6% contribution to the 401K plan (whether the employee contributes or not).

Rates paid to attorney employees range from \$65 per hour to a maximum of \$125 per hour with rates of \$65, \$80, \$100 and \$125 per hour. Client mark-up is 127.3%, including employer benefit costs.

As an example, a \$65 hourly rate, plus employee expenses of 13.65 % for FICA – 6.2%, Medicare – 1.45% and 401K – 6% is a total cost to Fairmont of \$73.87; the client is charged \$147.74; thus, the mark-up on the base rate of \$65 is 127.3% ($147.74 / 65 = 2.273$ minus 1 = 1.273 or 127.3%).

The company runs two payrolls, one for attorney employees who provide labor services to clients. All administrative personnel, including accounting personnel are paid as part of the administrative payroll. When payroll is disbursed, each disbursement has an ordered unique identifier called “Record.”

Known related parties: Christine Alexander has a sister who works for Fairmont as a contract lawyer, Helene Earls. She resides in Germany.

An examination of client profitability indicates that all clients have been billed with the appropriate mark-up. This analysis was completed on each client. Recently, two clients have complained that the costs of their services are over-budget: clients 10002 and 10008. These complaints are being handled by

the sales manager and CEO and the clients seem to be very satisfied with the quality of services provided.

Assignment and Skill Summary

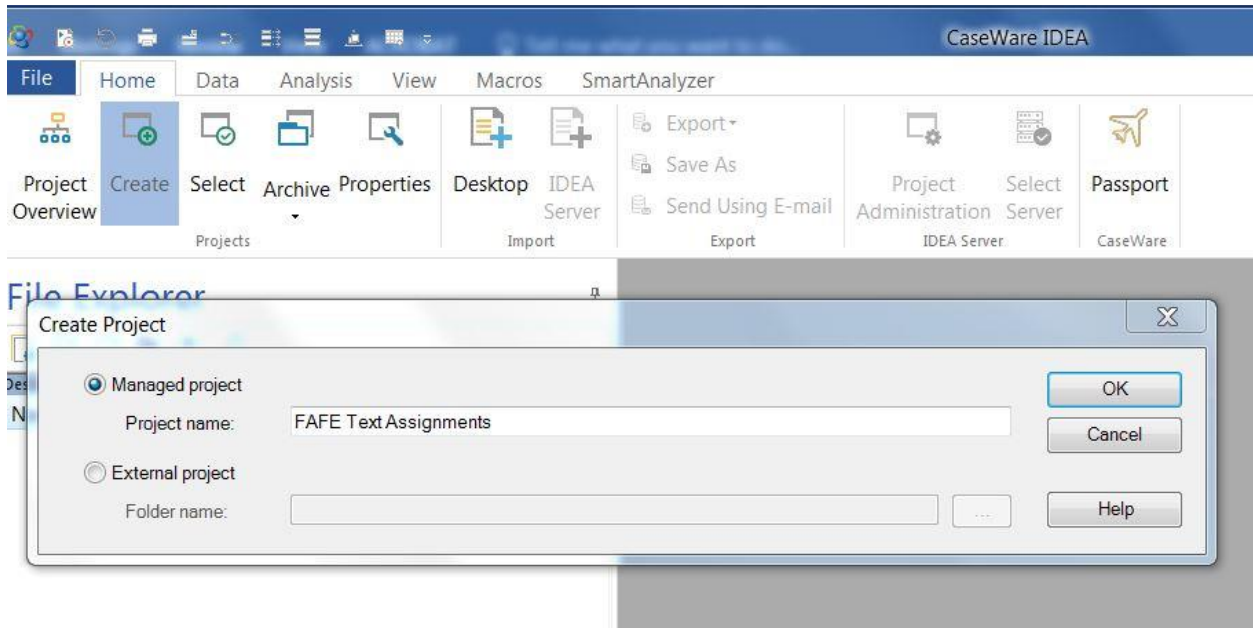
Number	Description	IDEA Skills
1	Importing data and ensuring that the file imports correctly	Creating a Project Import a File
2	Do any accounting or payroll personnel or related parties appear on the contractor payroll?	Summarizing Data
3	Is Fairmont in compliance with Federal withholding requirements for FICA and Medicare?	Extract: Direct Equation Editor Export a File
4	Is Fairmont in compliance with company policy that requires explicit approval of 80 hours or more?	Extract: Direct Equation Editor Sorting Data (column)
5	Does Fairmont have any duplicate payroll records?	Duplicate Key
6	Does Fairmont have any payroll processing on the weekends?	Field Statistics Using hyper-links
7	Does Fairmont have any contactor personnel whose are being paid but are not on the payroll master file?	Import a File Sorting Using Data-Sort Join
8	Does Fairmont have any contactor personnel whose have terminated but are being paid through payroll (e.g., ghost employee)?	Sorting Data (column) Extract: Key Value
9	Does Fairmont have any personnel whose last name is similar?	Summarization Fuzzy Match Using hyper-links
10	Is Fairmont in compliance with their payroll rates schedule: \$65, \$80, \$100 and \$125?	Summarization
11	Does the Fairmont payroll system's company expense file match to its payroll disbursements file?	Import a File Join
12	Does the payroll disbursements file being analyzed appear to have all of the payroll records disbursed during the period 1/3/2018 to June 28, 2019?	Gap Detection
13	The HR (human resources) department would like to identify all employees who are not withholding the maximum savings amount for the 401K retirement plan of 6%.	Virtual Data Equation Editor Extract: Direct Field Statistics
14	Do the payroll hours comply with Benford's Law?	Benford's Law
15	Summarize forensic accounting concerns that require follow-up examination	
16	Write a report	

Assignment 1

Creating a Project and Importing a File

The first step is to create a project.

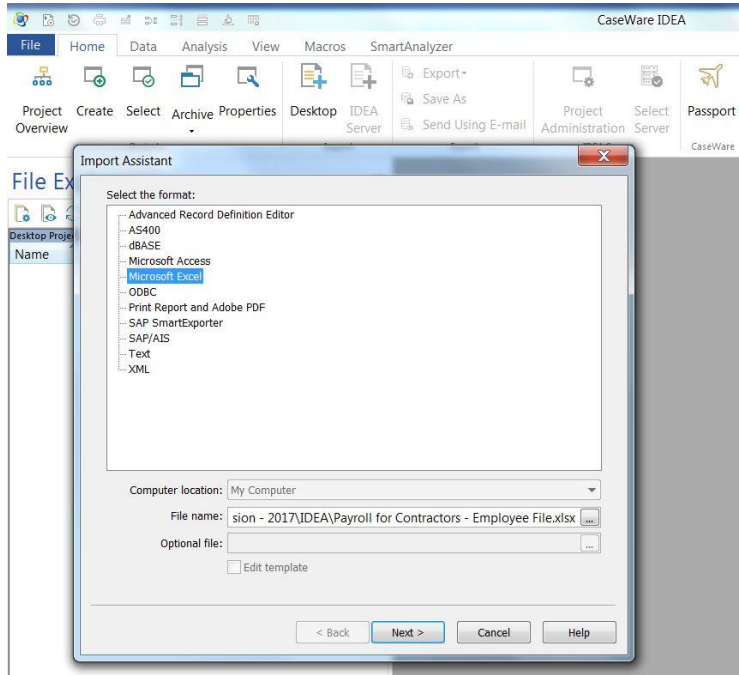
1. Open IDEA
2. Click on “Create”
3. Type in the name of the project. For the assignments associated with this text, we have selected “FAFE Text Assignments” for the project name.
4. Click “OK”



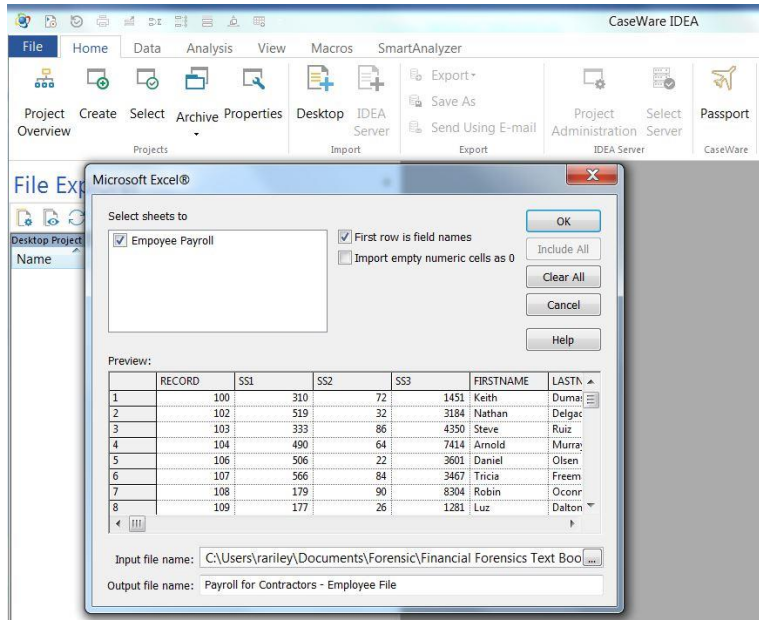
The second step is to import data.

First, import the Excel Payroll File

1. Click on “Desktop”.
2. Click on Excel and locate the file “Payroll for Contractors – Employee File”



3. Click on “first row is field names” box.

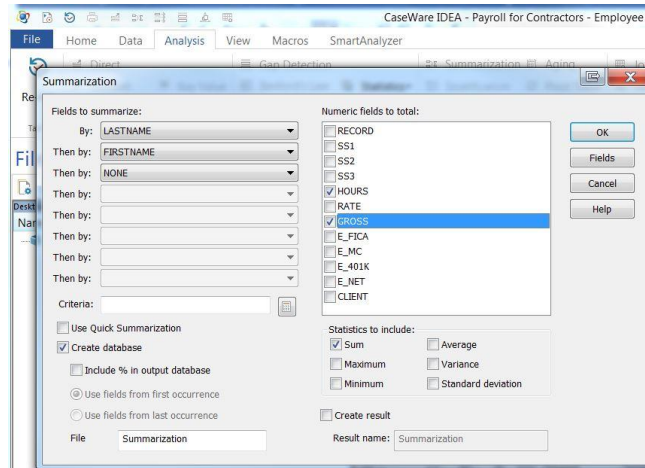


The file should have 986 records. (The importance of ensuring that data imports are complete cannot be over-emphasized).

Assignment 2

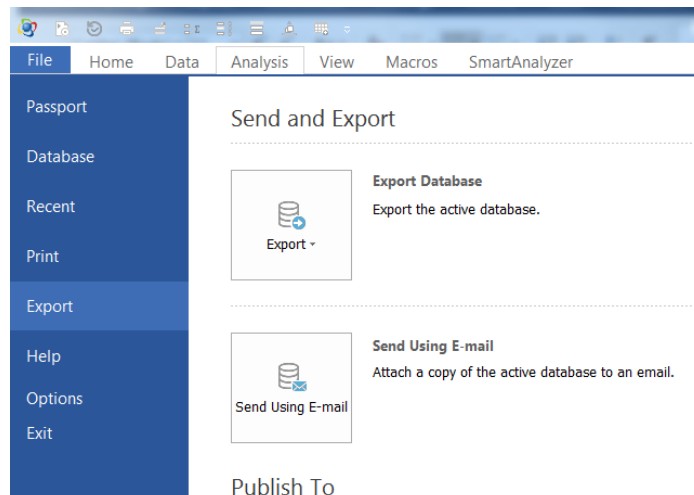
Question. Do any accounting or payroll personnel or related parties appear on the contractor payroll?

1. Click on the “Analysis” tab
2. Click on “summarization” in the “categorize” box
3. Set the “Fields to Summarize” to “LastName”
4. Set “Then by” to “FirstName”
5. Click on “Hours” and “Gross” boxes in the “Numeric fields to total”



Export the Results to Excel

1. Choose the “File” tab
2. Select “Export”
3. Select “Excel” and set up the location to save using the “File Name” browse feature

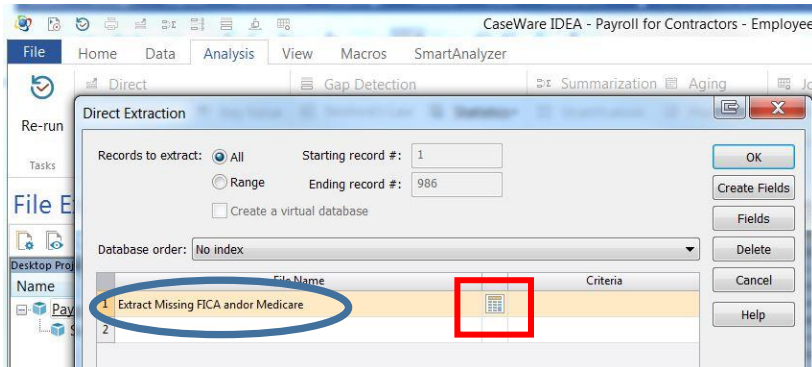


Student Task: Students should (a) present a listing of any accounting or payroll personnel who are being inappropriately paid through the contractor (attorney) payroll system and (b) discuss the findings and recommend investigative next steps.

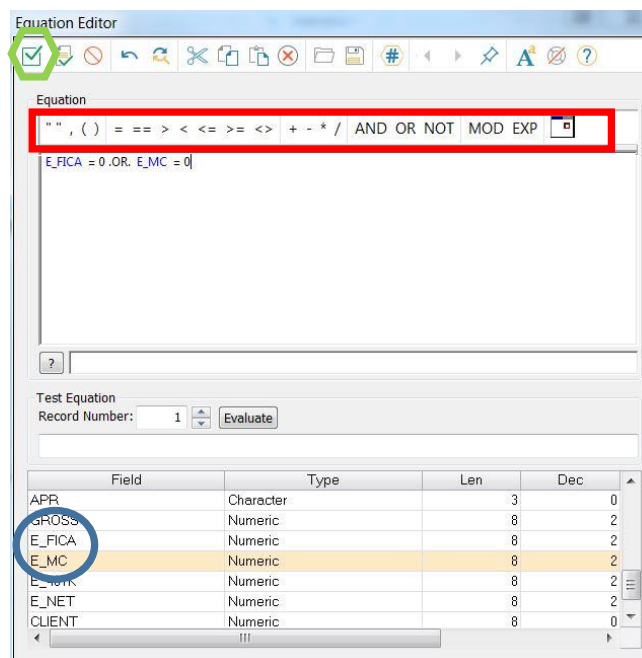
Assignment 3

Question. Is Fairmont in compliance with Federal withholding requirements for FICA and Medicare?

1. Select the "Payroll for Contactors" data tab
2. Select "Analysis"
3. Select "Direct" located in the "Extract" box
4. Click on the "File Name" box and type Extract Missing FICA andor Medicare (Blue oval)
5. Click on the "equation editor" (Red Box)



6. Select the data name "E-FICA" (blue oval)
7. Click on "=" sign (red square)
8. Type "0"
9. Click on "OR" (red square)
10. Select the data name "E-MC" (blue oval)
11. Click on "=" sign (red square)
12. Type "0"
13. Click on the checkmark (green hexagon)



14. Click "OK"

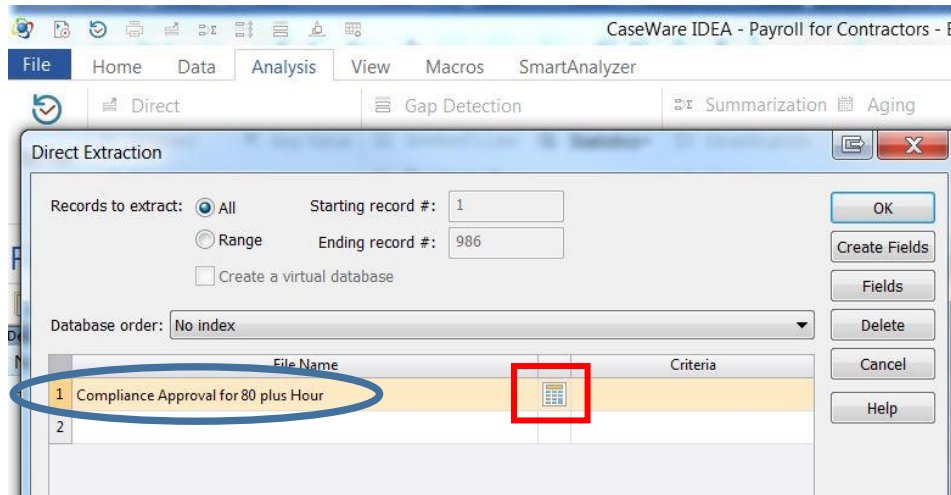
15. Export the results as completed in the last assignment.

Student Task: Students should (a) present a listing of any payroll disbursements for which social security and Medicare are not being withheld and (b) discuss the finding and recommend investigative next steps.

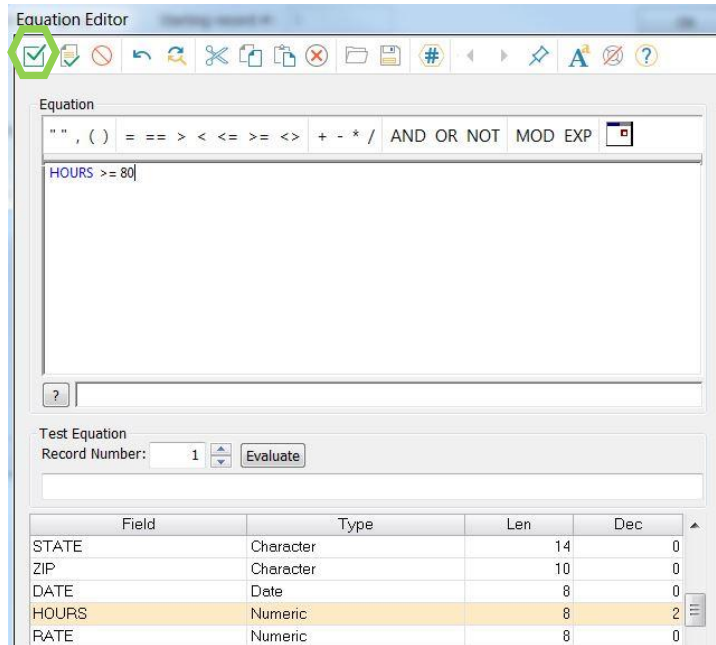
Assignment 4

Question. Is Fairmont in compliance with company policy that requires explicit approval of all hours of 80 hours or more?

1. Select the "Payroll for Contactors" dataset tab
2. Select "Analysis"
3. Select "Direct" located in the "Extract" box
4. Click on the "File Name" box and type "Compliance Approval for 80 plus Hour" (Blue oval)
5. Click on the "equation editor" (Red Box)



6. Select the data name "HOURS"
7. Click on ">=" sign
8. Type "80"
9. Click on the checkmark (green hexagon)



A quick examination of the data suggests non-compliance

	STREET_ADDRESS	CITY	STATE	ZIP	DATE	HOURS	RATE	APR
1	167 John Vertente Boulevard	New Bedford	MA	02745-1221	1/5/2018	86.00	80	OK
2	311 Elm St Ste 1000	Cincinnati	OH	45202-2737	1/5/2018	86.30	100	OK
3	1155 Metcalfe St Suite 800	Montreal, Quebec	CANADA	H3B5H2	1/12/2018	89.80	100	OK
4	18220 Butterfield Blvd	Morgan Hill	CA	95037-2824	1/19/2018	82.70	100	OK
5	1231 Greenway Dr Ste 600	Irving	TX	75038-2511	1/19/2018	88.10	65	OK
6	150 6 Ave SW Suite 3100	Calgary, Alberta	CANADA	T2P 3Y7	1/26/2018	87.20	125	OK
7	333 Butternut Dr	Syracuse	NY	13214-1803	1/26/2018	88.30	100	OK
8	5555 Glenridge Connector NE Ste 300	Atlanta	GA	30342-4741	1/30/2018	84.50	100	OK
9	KackerstraBe 15-17	Aachen	Germany	D-52072	2/2/2018	120.00	65	
10	KackerstraBe 15-17	Aachen	Germany	D-52072	2/7/2018	115.00	100	
11	1400 Opus Pl Ste 600	Downers Grove	IL	60515-5707	2/16/2018	86.00	125	OK
12	7301 S Peoria St	Englewood	CO	80112-4133	2/23/2018	85.30	100	OK
13	P O Box 4569 Stn A	Toronto, Ontario	CANADA	M5W 4T9	2/23/2018	81.80	80	OK
14	KackerstraBe 15-17	Aachen	Germany	D-52072	2/1/2019	110.00	100	
15	830 E Arques Ave	Sunnyvale	CA	94085-4519	3/2/2018	82.40	125	OK
16	KackerstraBe 15-17	Aachen	Germany	D-52072	3/1/2019	120.00	125	
17	2828 N Haskell Ave	Dallas	TX	75204-2988	3/9/2018	89.30	125	OK
18	KackerstraBe 15-17	Aachen	Germany	D-52072	3/8/2019	115.00	125	
19	901 Explorer Blvd NW	Huntsville	AL	35806-2807	3/13/2018	86.70	100	OK
20	2 Marriott Dr	Lincolnshire	IL	60069-3704	3/16/2018	85.50	80	OK
21	KackerstraBe 15-17	Aachen	Germany	D-52072	3/14/2019	99.00	125	
22	18220 Butterfield Blvd	Morgan Hill	CA	95037-2824	3/16/2018	87.10	100	OK
23	150 6 Ave SW Suite 3100	Calgary, Alberta	CANADA	T2P 3Y7	3/21/2018	83.00	65	OK
24	2500 Millbrook Dr	Buffalo Grove	IL	60089-4694	3/23/2018	86.00	125	OK
25	167 John Vertente Boulevard	New Bedford	MA	02745-1221	3/29/2018	87.10	100	OK

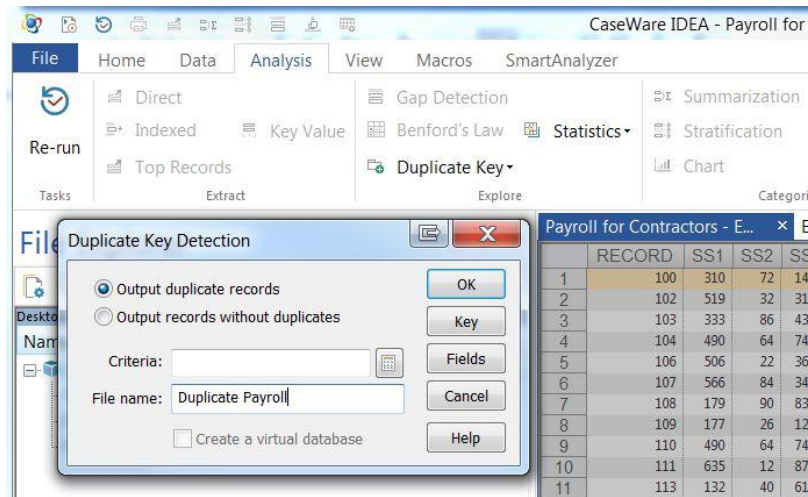
Click on the APR column heading to sort.

Student Task: Students should (a) present a listing of any payroll disbursements for which 80 or more hours were paid and approval does not appear in the payroll file and (b) discuss the finding and recommend investigative next steps.

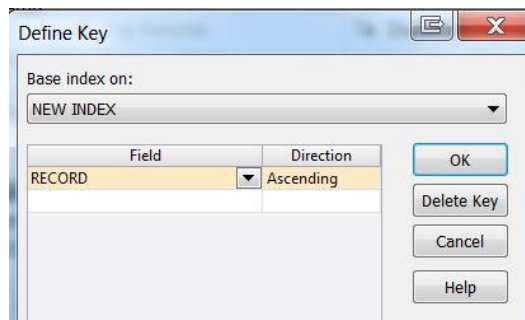
Assignment 5

Question. Does Fairmont have any duplicate payroll records?

1. Select the “Payroll for Contactors” data tab
2. Select “Analysis”
3. Select “Duplicate Key” located in the “Explore” box
4. In the “File Name” box, type “Duplicate Payroll”



5. Click on “Key”
6. “Record” is the unique identifier for payroll disbursements. It has already been identified in the “Field” box



7. Click “OK”

Student Task: Students should (a) present a listing of any duplicate payroll disbursements and (b) discuss the finding and recommend investigative next steps.

Assignment 6

Question. Does Fairmont have any payroll processing on the weekends?

1. Select the “Payroll for Contactors” data tab
2. Under Properties, click on “Field Statistics” (blue oval)
3. Click “Yes” to the question, “Do you wish to create statistics for all fields without statistics?”

The screenshot shows a data table titled "Payroll for Contractors - E..." with columns: RECORD, SS1, SS2, SS3, FIRSTNAME, LASTNAME, MI, STREET_ADDRESS, CITY, STATE, and ZIP. A dialog box titled "CaseWare IDEA" is overlaid on the table, asking: "Statistics are not available for all fields. Do you wish to create statistics for all fields without statistics?" with "Yes" and "No" buttons. On the right, the "Properties" pane is visible, with "Field Statistics" highlighted by a blue oval.

RECORD	SS1	SS2	SS3	FIRSTNAME	LASTNAME	MI	STREET_ADDRESS	CITY	STATE	ZIP
1	903	506	40	6958	Helene	Earls	J. KackerkstraBe 15-17	Aachen	Germany	D-52072
2	915	506	40	6958	Helene	Earls	J. KackerkstraBe 15-17	Aachen	Germany	D-52072
3	719	506	40	6958	Helene	Earls	J. KackerkstraBe 15-17	Aachen	Germany	D-52072
4	1034	506	40	6958	Helene	Earls	J. KackerkstraBe 15-17	Aachen	Germany	D-52072
5	685	506	40	6958	Helene	Earls	J. KackerkstraBe 15-17	Aachen	Germany	D-52072
6	689	506	40	6958	Helene	Earls	J. KackerkstraBe 15-17	Aachen	Germany	D-52072
7	920	506	40	6958	Helene	Earls	J. KackerkstraBe 15-17	Aachen	Germany	D-52072
8	834							Aachen	Germany	D-52072
9	950							Aachen	Germany	D-52072
10	181							Aachen	Germany	D-52072
11	655							Houston	TX	77027-34
12	1015							Montreal, Quebec	CANADA	H3B5H2
13	251							Dallas	TX	75204-29
14	530							San Antonio	TX	78232-12
15	640							Houston	TX	77027-34
16	888							Mountain City	WV	26000
17	854							Aachen	Germany	D-52072
18	869							Aachen	Germany	D-52072
19	690							Mountain City	WV	26000
20	156	395	60	1030	Richard	Cook	D. 150 6 Ave SW Suite 3100	Calgary, Alberta	CANADA	T2P 3Y7

4. Set the “Field Type” to Date (blue oval)
5. Scroll to bottom – See red box

The screenshot shows the "Field Type" dropdown menu set to "Date" (highlighted with a blue oval). The "Date Fields" list contains "DATE" (checked). The "Date Statistics" pane shows a list of statistics for the "DATE" field. The "Items on Saturday" row is highlighted with a red box.

Date Statistics	DATE
Latest Date	6/28/2019
Record # of Ear...	699
Record # of Lat...	43
Most Common ...	Friday
Most Common ...	January
Items in January	122
Items in February	114
Items in March	112
Items in April	88
Items in May	103
Items in June	120
Items in July	33
Items in August	74
Items in Septem...	47
Items in October	56
Items in Novem...	60
Items in Decem...	57
Items on Sunday	0
Items on Monday	64
Items on Tuesday	76
Items on Wedn...	71
Items on Thurs...	52
Items on Friday	71
Items on Saturd...	8

6. Eight (8) payroll items were process on “Saturday”
7. Click on the hyper-link “8”

Student Task: Students should (a) present a listing of any payroll disbursements processed on a weekend (Saturday or Sunday) and (b) discuss the finding and recommend investigative next steps.

Assignment 7

Question. Does Fairmont have any contractor personnel whose are being paid but are not on the payroll master file?

First, import the “Excel Payroll Master File”

1. Click on “Desktop”.
2. Click on Excel and locate the file “Payroll Master File”

Note: The Payroll Master File should have 63 records, including one termination for Theresa Angelina.

Second, note that the payroll master file is sorted in alphabetical order (last name; first name). For IDEA to join files for analysis, both need to be sorted in the same order.

3. Click on the “Payroll for Contractors” dataset
4. Click on the “Data” tab; then, click on “Sort” (blue circle)
5. In the “Sort Database” box, selects:
 - a. LastName (ascending)
 - b. FirstName (ascending)
 - c. Date (ascending)
 - d. Click “OK”

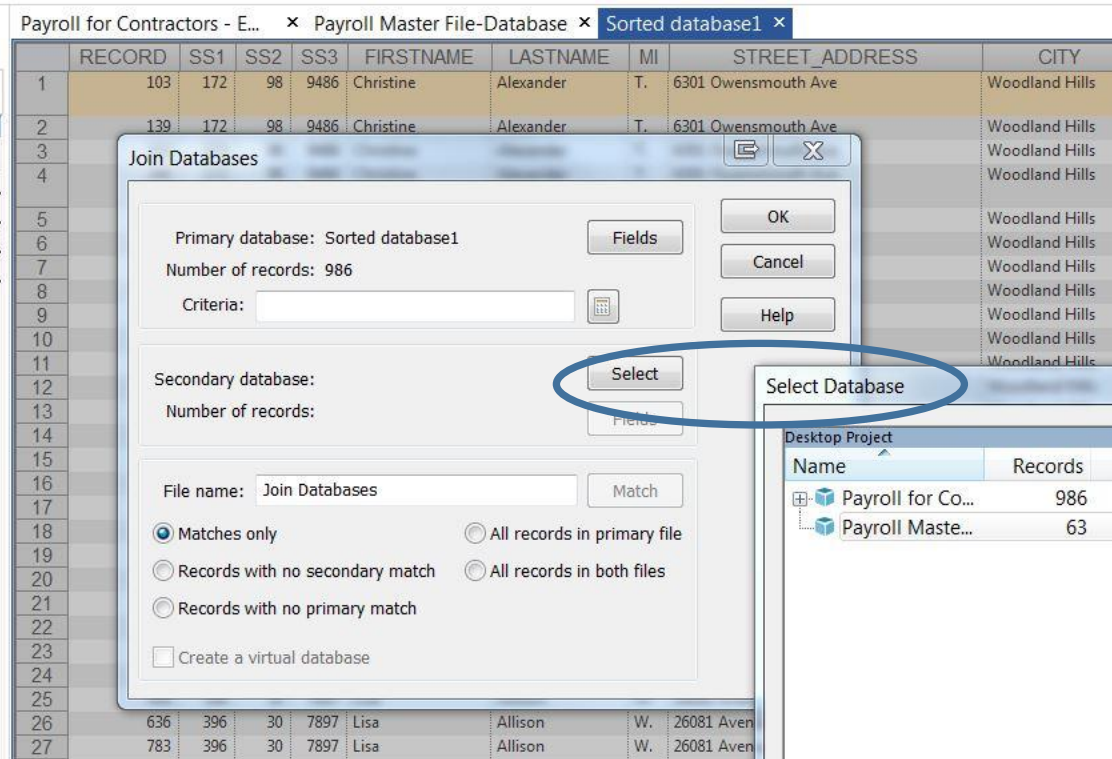
The screenshot shows the IDEA software interface. The 'Data' tab is selected, and the 'Sort' button is circled in blue. The 'Sort Database' dialog box is open, showing 'NEW INDEX' as the base sort order. The 'Field' column lists LASTNAME, FIRSTNAME, and DATE, all set to 'Ascending' direction. The 'File' field contains 'Sorted database1'.

Records	Size	Modified
986	353	7/30/20...
986	289	7/27/20...
63	26	7/30/20...

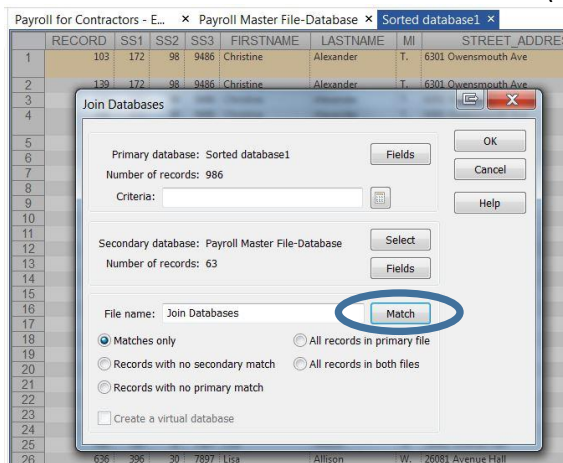
	CITY	STATE	ZIP	DATE	HOURS	RATE	APR	GROSS	E
5	Aachen	Germany							
6	Aachen	Germany							
7	Aachen	Germany							
8	Aachen	Germany							
9	Aachen	Germany							
10	Aachen	Germany							
11	Houston	TX							
12	Montreal, Quebec	CANADA							
13	Dallas	TX							
14	San Antonio	TX							
15	Houston	TX							
16	Mountain City	WV							
17	Aachen	Germany							
18	Aachen	Germany							
19	Mountain City	WV							
20	Calgary, Alberta	CANADA							
21	Valencia	CA							
22	Valencia	CA							
23	New York	NY							
24	Chattanooga	TN							
25	Mountain City	WV							
26	Oklahoma City	OK							
27	Carmel	IN							
28	Carmel	IN							
29	San Diego	CA							
30	Newport Beach	CA							

Third, merge (“join”) the payroll disbursements and payroll master files

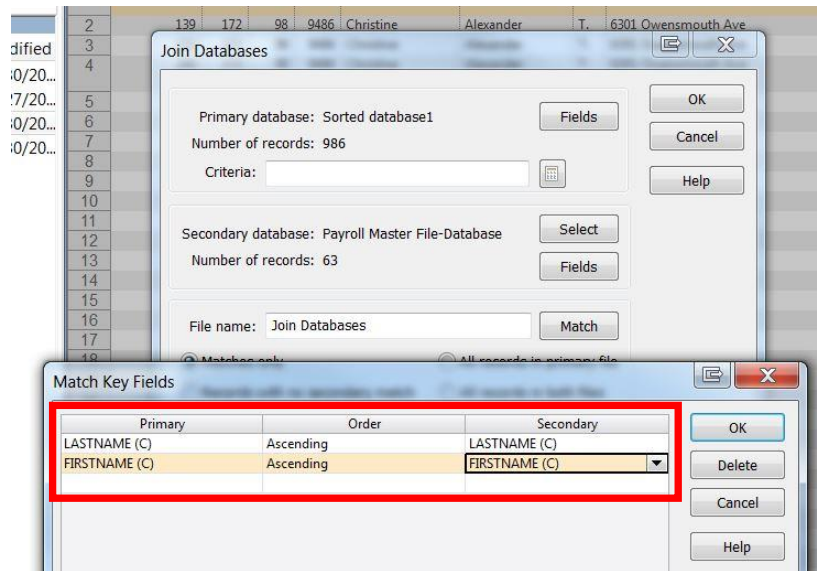
6. Under “Analysis,” click on “Join” from the “Relate” box. Note that the primary database is the SORTED Payroll for Contractors” file (986 records)
7. Click on “Select” to identify the database to join to the SORTED payroll disbursements data.
8. In the “Select Database” box, click on “Payroll Master File” (63 records)
9. Click “OK”



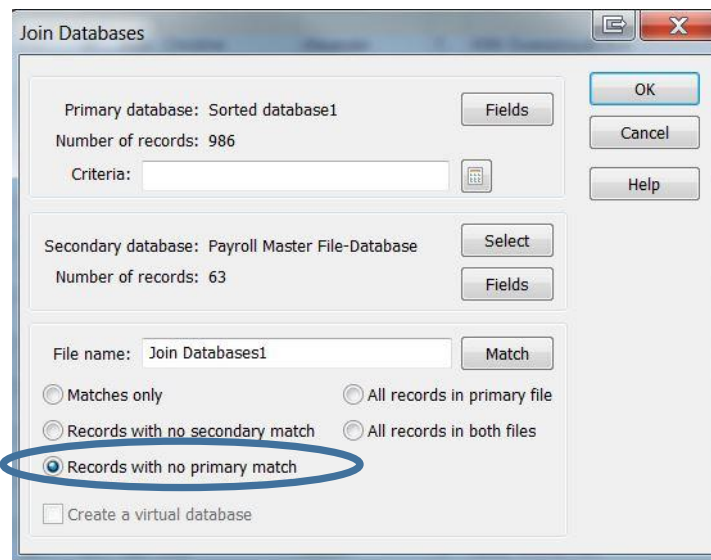
10. Click on “Match” in the “Join Databases” Box (blue oval)



11. In the “Match Key Fields” select “LastName” in the primary and secondary columns and “ascending” in the order column (red box)
12. In the “Match Key Fields” select “FirstName” in the primary and secondary columns and “ascending” in the order column (red box)
13. Click “OK”



14. Select "Records with no primary match" (blue oval)
15. Click "OK"



Student Task: Students should (a) present a listing of any payroll disbursements last are not listed in the payroll master file and (b) discuss the finding and recommend investigative next steps.

Assignment 8

Question: Does Fairmont have any contractor personnel whose have terminated but are being paid through payroll after termination (i.e., ghost employees)?

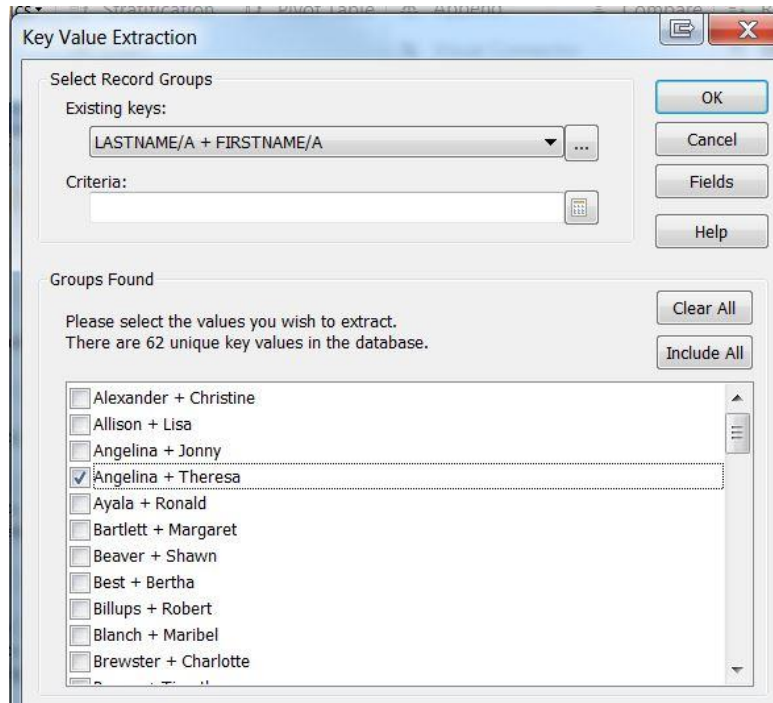
1. Click on the "Payroll Master File"
2. Click on the "Termination Date" to sort the file by termination dates



The screenshot shows a window titled "Payroll Master File-Database" with a table of contractor data. The table has three columns: LASTNAME, FIRSTNAME, and TERMINATION_DATE. The data is sorted by termination date, with the first row showing a termination date of 01/04/2019. The row for Daniel Olsen is highlighted in yellow.

	LASTNAME	FIRSTNAME	TERMINATION_DATE
1	Angelina	Theresa	01/04/2019
2	Warner	Laura	
3	Upchurch	Heidi	
4	Thompson	Helen	
5	Sanchez	Victoria	
6	Rutten	Carrie	
7	Ruiz	Steve	
8	Reneau	Delbert	
9	Quinn	Marie	
10	Phillips	James	
11	Perez	Mary	
12	Patrick	Tessa	
13	Olsen	Daniel	
14	Nguyen	Philip	

3. One employee, Theresa Angelina, terminated with the company on January 4, 2019
4. Click on the Payroll for Contractors database
5. Click on "Key Value" in the "Extract" box
6. Click on "Existing Keys" and click on "LastName/A + FirstName/A"
7. Click on "Clear All"
8. Click on "Angelina + Theresa"
9. Click "OK"



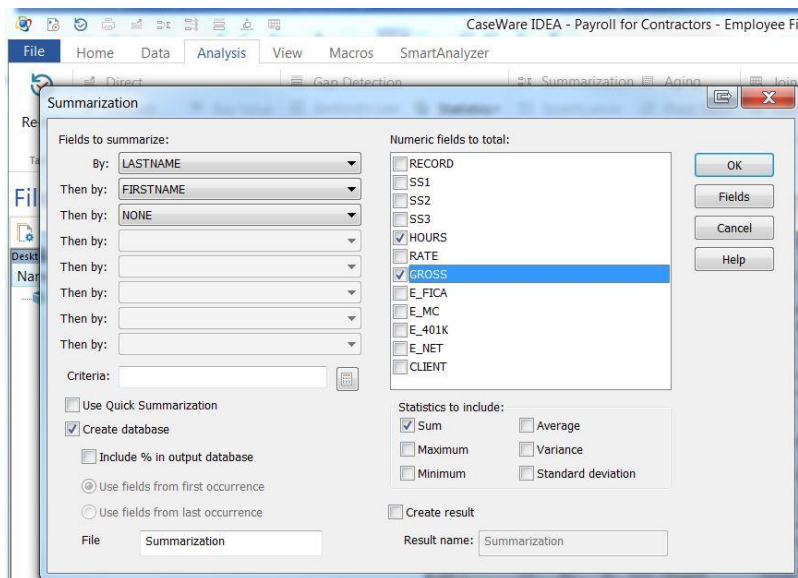
10. Click on "File"
11. Click on "Export"
12. Save the file as an Excel file on your hard drive.
13. Open the Excel file
14. Sort by Date, if necessary
15. Delete payroll disbursements dated prior to 1/4/2019
16. Insert Excel totals (@Sum) at the bottom of the columns

Student Task: Students should (a) present a listing of any payroll disbursements for Theresa Angelina after January 4, 2019 and (b) discuss the finding and recommend investigative next steps.

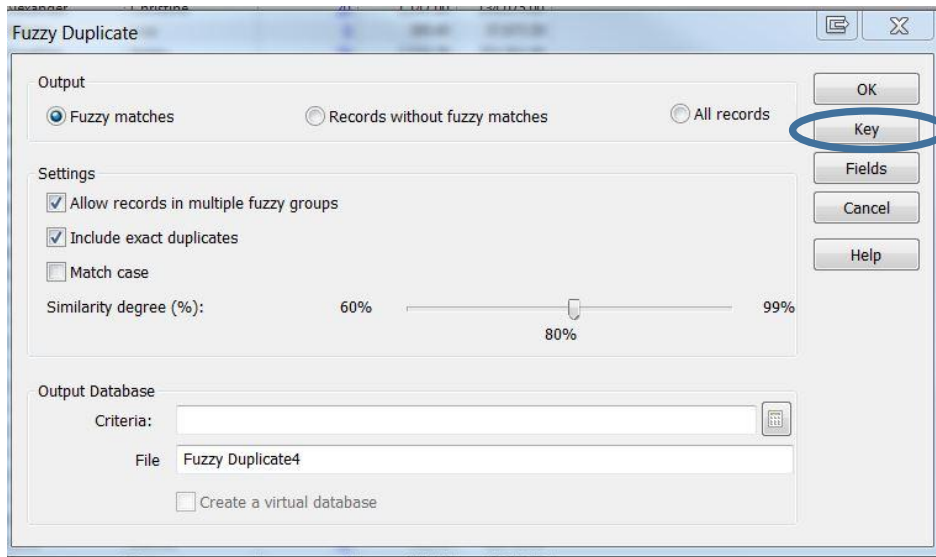
Assignment 9

Question. Does Fairmont have any personnel whose last name is similar?

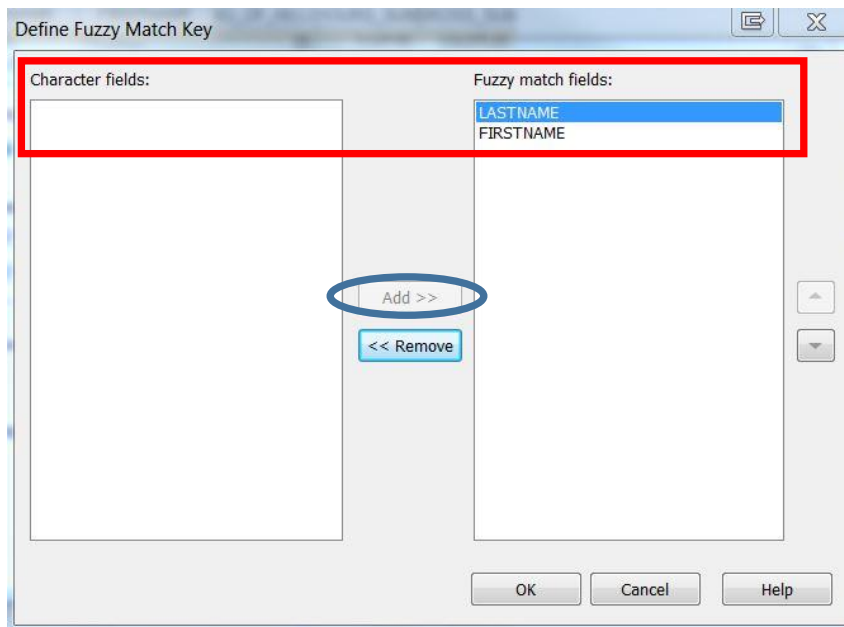
1. Select the "Payroll for Contractors" data tab
2. Select "Analysis"
3. Select "Summarization" located in the "Categorize" box
4. In the "File Name" box, type "Duplicate Payroll"
5. Set the "Fields to Summarize" to "lastname"
6. Set "Then by" to "FirstName"
7. Click on Hours and Gross Fields
8. Click "OK"



9. The "Summarization" database should be highlighted.
10. Click on the "Duplicate Key" in the "Explore" box
11. Click on "Fuzzy"
12. Leave the default options for "Output" and "Settings" unchanged
13. Click on "Key"



14. Click on "LastName" (red box)
15. Click on "Add >>" (blue oval)
16. Click on "FirstName" (red box)
17. Click on "Add >>" (blue oval)



18. Click "OK"

Payroll for Contractors - E... x Payroll Master File-Database x Sorted database1 x Summarization1 x Fuzzy Duplicate5 x

GROUP_ID	GROUP_NAME	SIMILARITY_DEGRE	RECORD_NUM	LASTNAME	FIRSTNAME	NO_OF_REC	HOURS_SUM	GROSS_SUM
1	1 Ciotti-Shirley	1.0000	19	Ciotti	Shirley	17	647.00	72,248.00
2	1 Ciotti-Shirley	0.9167	20	Ciotty	Shirley	6	171.10	14,636.50

Student Task: Students should (a) click on the hyper-links (17 and 6) for both entries and (b) discuss the finding and recommend investigative next steps.

Assignment 10

Question: Is Fairmont in compliance with their payroll rates schedule: \$65, \$80, \$100 and \$125?

1. Click on the "Payroll for Contractors" database
2. Click on "Analysis"
3. Click "Summarization" in the "Categorize" box
4. For "Fields to summarize", click on the down-arrow and change "Rate"
5. For Numeric fields to total, click on "Hours," "Gross" and E_Net"
6. Click "OK"

Summarization

Fields to summarize:

By: RATE

Then by: NONE

Then by:

Then by:

Then by:

Then by:

Then by:

Then by:

Criteria:

Use Quick Summarization

Create database

Include % in output database

Use fields from first occurrence

Use fields from last occurrence

File: Summarization2

Numeric fields to total:

RECORD

SS1

SS2

SS3

HOURS

RATE

GROSS

E_FICA

E_MC

E_401K

E_NET

CLIENT

Statistics to include:

Sum

Average

Maximum

Variance

Minimum

Standard deviation

Create result

Result name: Summarization

OK

Fields

Cancel

Help

Student Task: Students should (a) present a listing of payroll disbursements by rate and (b) discuss the finding and recommend investigative next steps.

Assignment 11

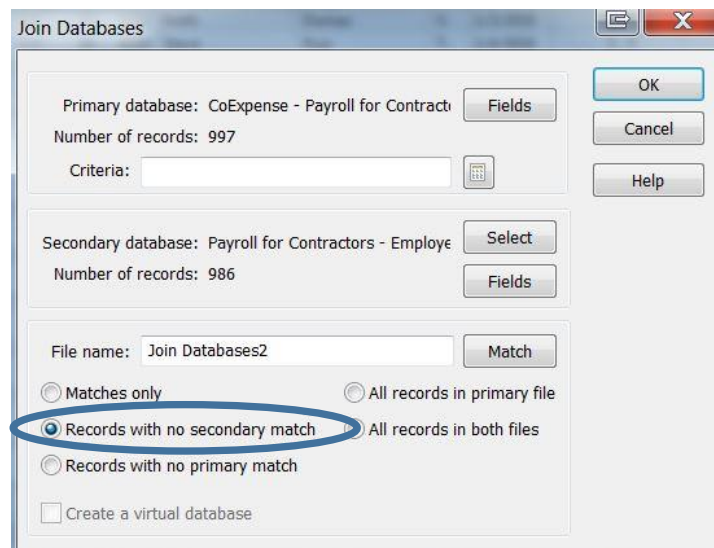
Question: Does the Fairmont payroll system's company expense file match to its payroll disbursements file?

Step 1: Import the Company Expense file

1. Click on "Desktop".
2. Click on Excel and locate the file "CoExpense - Payroll for Contractors"
3. Click on "first row is field names".
4. Click "OK" (The file should have 997 records, sorted in record/date order)

Step 2: Join the company expense and payroll disbursements file

5. Under "Analysis," click on "Join" from the "Relate" box. Note that the primary database is the company expense file sorted in record order
6. Click on "Select" to identify the database to join to the payroll disbursements data (sorted on record/date order).
7. In the "Select Database" box, click on "Payroll for Contractors" (986 records)
8. Click "OK"
9. Click on "Match" in the "Join Databases" Box
10. In the "Match Key Fields" select "Record" in the primary and secondary columns and "ascending" in the order column
11. Click "OK"



12. Select "Records with no secondary match"
13. Click "OK"

Student Task: Students should (a) present a listing of company expense disbursements that do not appear to have corresponding disbursements in the payroll system and (b) discuss the finding and recommend investigative next steps.

Assignment 12

Question: Does the payroll disbursements file being analyzed appear to have all of the payroll records disbursed during the period January 3, 2018 to June 28, 2019?

1. Click on the "Payroll for Contractors" database
2. Click on "Gap Detection" in the "Explore" box

Gap Detection

Field to use: RECORD Criteria:

Numeric

All Starting key value:

Range Ending key value:

Gap increment:

Output

Create database Create result

File name: Result name:

OK
Cancel
Help

3. Make no changes, because the "Record" field is the ordered unique identifier.
4. Click "OK"

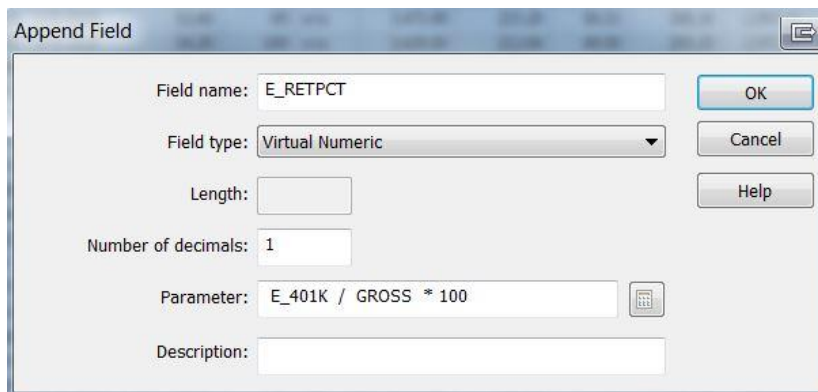
Student Task: Students should (a) present a listing of payroll disbursements that appear to be missing and (b) discuss the finding and recommend investigative next steps.

Assignment 13

Question: The HR (human resources) department has requested some assistance. They would like to identify all employees who are not withholding the maximum savings amount for the 401K retirement plan of 6% to invite them to some retirement planning training sessions.

Step 1: Create a percentage calculation for the payroll withholding percentage.

1. Click on the "Payroll for Contractors" File
2. Click on "Data"
3. Click on "Append"
4. Type Name "E_RETPCT"
5. Leave "virtual numeric" unchanged

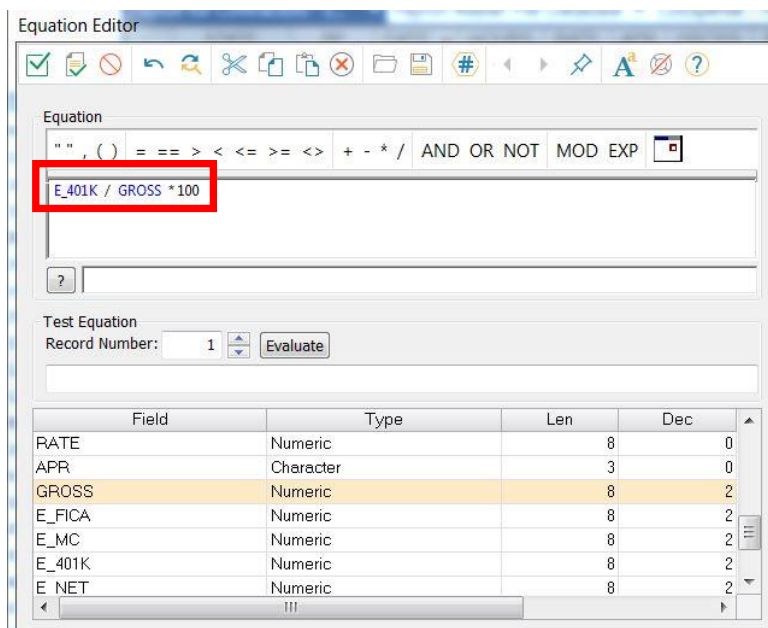


The "Append Field" dialog box is shown with the following fields:

- Field name: E_RETPCT
- Field type: Virtual Numeric
- Length: (empty)
- Number of decimals: 1
- Parameter: E_401K / GROSS * 100
- Description: (empty)

Buttons: OK, Cancel, Help

6. Click on the equation editor (to the right of parameter)
7. Create the new field using the calculation "E_401K / Gross * 100" (red box)



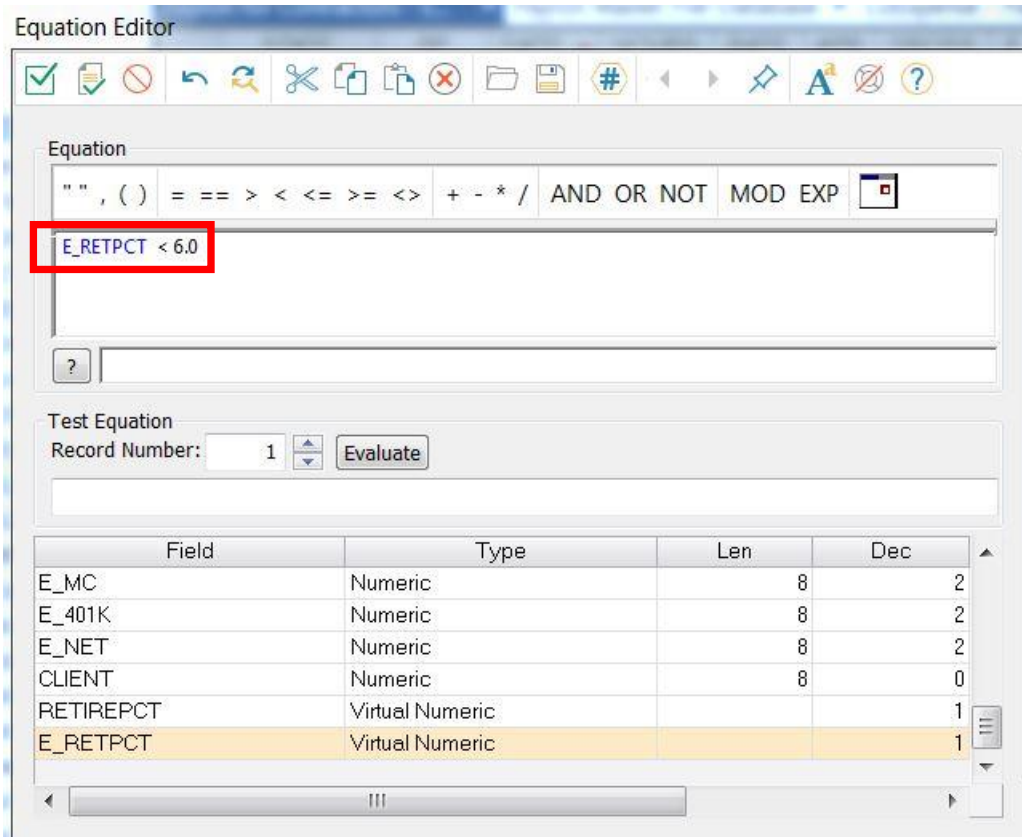
The "Equation Editor" dialog box is shown with the following fields:

- Equation: E_401K / GROSS * 100 (highlighted in a red box)
- Test Equation: Record Number: 1, Evaluate
- Table:

Field	Type	Len	Dec
RATE	Numeric	8	0
APR	Character	3	0
GROSS	Numeric	8	2
E_FICA	Numeric	8	2
E_MC	Numeric	8	2
E_401K	Numeric	8	2
E_NET	Numeric	8	2

Step 2: Extract record where the 401K withholding percentage is less than 6%

8. Click on "Direct" under "Extract"
9. Click on the equation editor
10. Create the formula: "E_RETPCT < 6.0" (red box)
11. Click on green check-mark
12. Click "OK"



Student Task: Students should (a) examine the listing of employees and note the "E_RetPCT" percentage for the employees whose 401K withholding percentage is less than 6% and (b) discuss the finding and recommend investigative next steps.

Assignment 14

Question: Do the payroll disbursement hours comply with Benford's Law?

1. Click on the "Payroll for Contractors" database.
2. Click on "Benford's Law" in the "Explore" box
3. Change the "Field to analyze" to "Hours"
4. As noted below, unclick the boxes below to create Benford's Law for only the "First digit".
5. Click "OK"

Benford's Law

Field to analyze: HOURS

Include Values

- Positive
- Negative

Options

- Show boundaries
- Mean absolute deviation

Result

- Create result

Benford

Analysis

Test:

- First digit: -
- First two digits: -
- First three digits: -
- Second digit: -
- Last two digits: -
- Second order: -
- Summation: -

Create database:

- Benford First Digit1
- Benford First Two Digits1 Suspicious
- Benford First Three Digits1
- Benford Second Digit1
- Benford Last Two Digits1 Suspicious
- Benford Second Order1 Suspicious
- Benford Summation1 Suspicious
- Create a virtual database

Buttons: OK, Advanced..., Cancel, Help

Student Task: Students should (a) present the Benford's Law results and (b) discuss the finding and recommend investigative next steps.

Assignment 15

Summarize the Anomalies of Concern to a forensic auditor

Number	Description	Anomalies Identified
1	Importing data and ensuring that the file imports correctly	
2	Do any accounting or payroll personnel or related parties appear on the contractor payroll?	
3	Is Fairmont in compliance with Federal withholding requirements for FICA and Medicare?	
4	Is Fairmont in compliance with company policy that requires explicit approval of all hours of 80 hours or more?	
5	Does Fairmont have any duplicate payroll records?	
6	Does Fairmont have any payroll processing on the weekends?	
7	Does Fairmont have any contractor personnel whose are being paid but are not on the payroll master file?	
8	Does Fairmont have any contractor personnel whose have terminated but are being paid through payroll (e.g., ghost employee)?	
9	Does Fairmont have any personnel whose last name is similar?	
10	Is Fairmont in compliance with their payroll rates schedule: \$65, \$80, \$100 and \$125?	
11	Does the Fairmont payroll system's company expense file match to its payroll disbursements file?	
12	Does the payroll disbursements file being analyzed appear to have all of the payroll records disbursed during the period January 3, 2018 to June 28, 2019?	
13	The HR (human resources) department would like to identify all employees who are not withholding the maximum savings amount for retirement of 6%.	
14	Do the payroll records comply with Benford's Law?	
15	Summarize forensic accounting concerns that require follow-up examination	See this table.
16	Write a report	Not applicable

Assignment 16

Write a report

The written report should describe in some detail the anomalies identified in this forensic audit of the payroll records. The anomalies are summarized in the table prepared as part of assignment 15 and additional details from each assignment solution should be utilized.