

Forensic Accounting Problems

Forensic accounting is when accountants use their skills to track down lost, stolen, or diverted money. Often forensic accountants look at data, use math, and use critical thinking to find accounts that are mysterious or need to be explained. For these problems, you will investigate some junior forensic accounting problems.

1. Fraud Detection

Definition: Fraud is the act of deceiving someone, usually for monetary gain.

Problem:

Samantha is a forensic accountant reviewing a company's annual sales records. The company reports that they made \$10,000 in January, \$12,000 in February, and \$15,000 in March. However, Samantha notices that the bank deposits for those months are only \$9,000, \$11,000, and \$13,000 respectively. How much money is missing from the bank deposits for those three months combined?

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2. Insurance Claims

Definition: Insurance claims are formal requests to an insurance company for coverage or compensation for a covered loss or policy event.

Problem:

Carlos had a small shop that caught fire. He submitted an insurance claim of \$5,000 for damaged goods and \$3,000 for repairs. The insurance company reviewed the claim and found that only \$4,000 worth of goods were actually damaged and repairs would cost just \$2,500. By how much did Carlos inflate his insurance claim?

3. Embezzlement

Definition: Embezzlement is the theft or misappropriation of funds or property entrusted to one's care, typically in a corporate setting.

Problem:

Jane was trusted with the school's fund for a field trip. The total collected amount was \$800. After the trip, Jane reported that they spent \$600 and so, \$200 was left. However, a review of the receipts showed they only spent \$500 on the trip. How much money did Jane embezzle?

4. Litigation Support

Definition: Litigation support involves providing financial evidence and expert testimony in court.

Problem:

Data Table:

Year	Profit Reported by Company	Forensic Calculation
2021	\$20,000	\$17,000
2022	\$23,000	\$20,000

Company A is being taken to court over false reporting of profits. Using the data table, calculate the total amount by which Company A over-reported their profits for the years 2021 and 2022 combined.