Chapter 10

Assessing and Responding to Fraud Risks

■ Concept Checks

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1. The three conditions of fraud referred to as the "fraud triangle" are (1) Incentives/Pressures; (2) Opportunities; and (3) Attitudes/Rationalization. Incentives/Pressures are incentives of management or other employees to commit fraud. Opportunities are circumstances that allow management or employees to commit fraud. Attitudes/Rationalization are indications that an attitude, character, or set of ethical values exist that allow management or employees to commit a dishonest act or they are in an environment that imposes sufficient pressure that causes them to rationalize committing a dishonest act.

2. Sources used to gather information about fraud risks include:

- Information obtained from communications among audit team members about their knowledge of the company and its industry, including how and where the company might be susceptible to material misstatements due to fraud.
- Responses to auditor inquiries of management about their views of the risks of fraud and about existing programs and controls to address specific identified fraud risks.
- Specific risk factors for fraudulent financial reporting and misappropriations of assets.
- Analytical procedures results obtained during planning that indicate possible implausible or unexpected analytical relationships.
- Knowledge obtained through other procedures such as client acceptance and retention decisions, interim review of financial statements, and consideration of inherent or control risks.

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1. The three auditor responses to fraud are: (1) change the overall conduct of the audit to respond to identified fraud risks; (2) design and perform audit procedures to address identified risks; and (3) perform procedures to address the risk of management override of controls.

2. Three main techniques used to manipulate revenue include: (1) recording of fictitious revenue; (2) premature revenue recognition including techniques such as bill-and-hold sales and channel stuffing; and (3) manipulation of adjustments to revenue such as sales returns and allowance and other contra accounts.

■ Review Questions

10-1 Fraudulent financial reporting is an intentional misstatement or omission of amounts or disclosures with the intent to deceive users. Two examples of fraudulent financial reporting are accelerating the timing of recording sales revenue to increase reported sales and earnings, and recording expenses as fixed assets to increase earnings.

10-2 Misappropriation of assets is fraud that involves theft of an entity's assets. Two examples are an accounts payable clerk issuing payments to a fictitious company controlled by the clerk, and a sales clerk failing to record a sale and pocketing the cash receipts.

10-3 The following are examples of risk factors for fraudulent financial reporting for each of the three fraud conditions:

- *Incentives/Pressures* – The company is under pressure to meet debt covenants or obtain additional financing.
- *Opportunities* – Ineffective oversight of financial reporting by the board of directors allows management to exercise discretion over reporting.
- *Attitudes/Rationalization* – Management is overly aggressive. For example, the company may issue aggressive earnings forecasts, or make extensive acquisitions using company stock.

10-4 The following are examples of risk factors for misappropriation of assets for each of the three fraud conditions:

- *Incentives/Pressures* - The individual is unable to meet personal financial obligations.
- *Opportunities* – There is insufficient segregation of duties that allows the individual to handle cash receipts and related accounting records.
- *Attitudes/Rationalization* – Management has disregarded the inadequate separation of duties that allows the potential theft of cash receipts.

10-5 Auditing standards require the audit team to conduct discussions to share insights from more experienced audit team members and to "brainstorm" ideas that address the following:

1. How and where they believe the entity's financial statements might be susceptible to material misstatement due to fraud. This should include consideration of known external and internal factors affecting the entity that might
   - create an incentive or pressure for management to commit fraud.
   - provide the opportunity for fraud to be perpetrated.
   - indicate a culture or environment that enables management to rationalize fraudulent acts.

10-5 (continued)

2. How management could perpetrate and conceal fraudulent financial reporting.
3. How assets of the entity could be misappropriated.
4. How the auditor might respond to the susceptibility of material misstatements due to fraud.

10-6 Auditors must inquire whether management has knowledge of any fraud or suspected fraud within the company. Auditing standards also require auditors to inquire of the audit committee about its views of the risks of fraud and whether the audit committee has knowledge of any fraud or suspected fraud. If the entity has an internal audit function, the auditor should inquire about internal audit's views of fraud risks and whether they have performed any procedures to identify or detect fraud during the year. Auditing standards further require the auditor to make inquiries of others within the entity whose duties lie outside the normal financial reporting lines of responsibility about the existence or suspicion of fraud.

10-7 Professional skepticism suggests the auditor should neither assume that management is dishonest, nor assume unquestioned honesty, and an auditor should remain professionally skeptical throughout the entire audit process. A questioning mind will encourage the auditor to gather more persuasive evidence to corroborate management responses, which would help the auditor distinguish intentional from unintentional misstatements. Critically assessing the evidence means the auditor evaluates each piece of evidence separately, but also evaluates all of the evidence gathered as a whole. For example, if all of management's estimates are biased in the direction of increasing net income, the auditor would be more likely to conclude the misstatements are intentional.

10-8 The corporate code of conduct establishes the "tone at the top" of the importance of honesty and integrity and can also provide more specific guidance about permitted and prohibited behavior. Examples of items typically addressed in a code of conduct include expectations of general employee conduct, restrictions on conflicts of interest, and limitations on relationships with clients and suppliers.

10-9 Management and the board of directors are responsible for setting the "tone at the top" for ethical behavior in the company. It is important for management to behave with honesty and integrity because this reinforces the importance of these values to employees throughout the organization.

10-10 Management has primary responsibility to design and implement antifraud programs and controls to prevent, deter, and detect fraud. The audit committee has primary responsibility to oversee the organization's financial reporting and internal control processes and to provide oversight of management's fraud risk assessment process and antifraud programs and controls.

10-11 The auditor can choose among several overall responses to increased fraud risk. The auditor may begin by first discussing the auditor's findings about fraud risk with management to obtain management's views of the potential for fraud and the existing controls designed to prevent or detect misstatements. The auditor should consider whether antifraud programs and controls mitigate the identified risks of material misstatement due to fraud. If the risk of material misstatement due to fraud is increased, the auditor may decide to assign more experienced personnel to the engagement, including fraud specialists, and greater emphasis may be placed on the importance of increased professional skepticism. The auditor may place greater emphasis on management's choice of accounting principles with special attention given to those that involve subjective measurements or complex transactions. Auditing standards also require auditors to incorporate unpredictability in the audit strategy.

10-12 Auditors are required to take three actions to address potential management override of controls: (1) examine journal entries and other adjustments for evidence of possible misstatements due to fraud; (2) review accounting estimates for biases; and (3) evaluate the business rationale for significant unusual transactions.

10-13 Revenue and related accounts receivable and cash accounts are especially susceptible to manipulation and theft. Research finds that a majority of financial statement fraud instances involve revenues and accounts receivable. As a result of the frequency of financial reporting frauds involving revenue recognition, auditing standards require the auditor to presume fraud risk is present in revenue recognition in all audits. In light of this presumption, auditors should evaluate the types of revenue and revenue transactions, and the assertions related to these transactions, which may increase fraud risk.

10-14 The handling of cash by individuals operating cash registers is particularly susceptible to theft. The notice "your meal is free if we fail to give you a receipt" is designed to ensure that every customer is given a receipt and all sales are entered into the register to establish accountability for the sale.

10-15 The three types of inquiry are informational, assessment, and interrogative. Auditors use informational inquiry to obtain information about facts and details that the auditor does not have. For example, if the auditor suspects financial statement fraud involving improper revenue recognition, the auditor may inquire of management as to revenue recognition policies. The auditor uses assessment inquiry to corroborate or contradict prior information. In the previous example, the auditor may attempt to corroborate the information obtained from management by making assessment inquiries of individuals in accounts receivable and shipping. Interrogative inquiry is used to determine if the interviewee is being deceptive or purposefully omitting disclosure of key knowledge of facts, events, or circumstances. For example, a senior member of the audit team might make interrogative inquiries of management or other personnel about key elements of the fraud where earlier responses were contradictory or evasive.

10-16 When making inquiries of a deceitful individual, three examples of verbal cues are frequent rephrasing of the question, filler terms such as "well" or "to tell the truth," and forgetfulness or acknowledgements of nervousness. Three examples of nonverbal cues by the individual are creating physical barriers by blocking their mouth, leaning away from the auditor, and signs of stress such as sweating or fidgeting.

10-17 When the auditor suspects that fraud may be present, auditing standards require the auditor to obtain additional evidence to determine whether material fraud has occurred. Auditing standards also require the auditor to consider the implications for other aspects of the audit. When the auditor determines that fraud may be present, auditing standards require the auditor to discuss the matter and audit approach for further investigation with an appropriate level of management that is at least one level above those involved, and with senior management and the audit committee, even if the matter might be considered inconsequential. For public company auditors, the discovery of fraud of any magnitude by senior management is at least a significant deficiency and may be a material weakness in internal control over financial reporting. This includes fraud by senior management that results in even immaterial misstatements. If the public company auditor decides the fraud is a material weakness, the auditor's report on internal control over financial reporting will contain an adverse opinion.

10-18 Auditing standards require that auditors document the following matters related to the auditor's consideration of material misstatements due to fraud:

- Significant decisions made during the discussion among engagement team personnel in planning the audit about the susceptibility of the entity's financial statements to material fraud, including how and when the discussion occurred and who participated.
- Procedures performed to obtain information necessary to identify and assess the risks of material fraud.
- Specific risks of material fraud that were identified at both the overall financial statement level and the assertion level and a description of the auditor's responses to those risks.
- Reasons supporting a conclusion that there is not a significant risk of material improper revenue recognition.
- Results of the procedures performed to address the risk of management override of controls.
- Other conditions and analytical relationships indicating that additional auditing procedures or other responses were required, and the actions taken by the auditor.
- The nature of communications about fraud made to management, the audit committee, or others.

Multiple Choice Questions From CPA Examinations

10-19 a. (1) b. (2) c. (4)

10-20 a. (1) b. (2) c. (3)

10-21 a. (1) b. (3) c. (1)

■ Multiple Choice Questions From Becker CPA Exam Review

10-22 a. (3) b. (3) c. (4)

■ Discussion Questions and Problems

10-23

	INFORMATION	a. FRAUD RISK	b. FRAUD CONDITION
1.	Significant operations are located and conducted across international borders in jurisdictions where differing business environments and cultures exist.	Yes	Opportunities
2.	There are recurring attempts by management to justify marginal or inappropriate accounting on the basis of materiality.	Yes	Attitudes/ Rationalization
3.	The company's controller works very hard, including evenings and weekends, and has not taken a vacation in two years.	Yes	Opportunities
4.	The company's board of directors includes a majority of directors who are independent of management.	No	N/A
5.	Assets and revenues are based on significant estimates that involve subjective judgments and uncertainties that are hard to corroborate.	Yes	Opportunities

10-23 (continued)

	INFORMATION	a. FRAUD RISK	b. FRAUD CONDITION
6.	The company is marginally able to meet exchange listing and debt covenant requirements.	Yes	Incentives/ Pressures
7.	The company's financial performance is threatened by a high degree of competition and market saturation.	Yes	Incentives/ Pressures
8.	New accounting pronouncements have resulted in explanatory paragraphs for consistency for the company and other firms in the industry.	No	N/A
9.	The company has experienced low turnover in management and its internal audit function.	No	N/A

10-24 a. The purpose of the audit team's brainstorming session is for the audit team to exchange ideas about how and where they believe the entity's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the entity could be misappropriated.

b. The brainstorming meeting should ordinarily involve the key members of the audit team, ranging from audit staff members to partners on the engagement. This meeting would include audit team members located in other offices who work on the engagement as well as audit specialists, such as tax or IT specialists who work on the audit engagement. The meeting should be held during planning so that the audit plan can be adjusted to address the identified risks, and emphasize professional skepticism throughout the engagement.

c. The two staff members on the engagement are just as responsible for engaging in the exchange of ideas as other members of the engagement team. While the two new staff accountants may not be familiar with engagement specifics, they do provide a fresh perspective of possible ways management might engage in fraud. More importantly, they will benefit from hearing the exchange of ideas from other members of the audit team. That should help heighten their professional skepticism as they perform the audit.

10-24 (continued)

d. The auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Thus, the auditor's detection responsibility for fraud is no different from the auditor's detection responsibility for errors.

e. Auditing standards require that the audit documentation include significant decisions made during the discussion among engagement team personnel in planning the audit about the susceptibility of the entity's financial statements to material fraud, including how and when the discussion occurred and who participated.

10-25 a.

WEAKNESSES IN PROCESSES	RECOMMENDATION
1. There is no basis for establishing the number of paying patrons.	Prenumbered admission tickets should be issued upon payment of the admission fee.
2. There is no segregation of duties between persons responsible for collecting admission fees and persons responsible for authorizing admission.	One clerk (hereafter referred to as the cash receipts clerk) should collect admission fees and issue prenumbered tickets. The other clerk (hereafter referred to as the admission clerk) should authorize admission upon receipt of the ticket or proof of membership.
3. An independent count of paying patrons is not made.	The admission clerk should retain a portion of the prenumbered admission ticket (admission ticket stub).
4. There is no proof of accuracy of amounts collected by the clerks.	Admission ticket stubs should be reconciled with cash collected by the treasurer each day.
5. Cash receipts records are not promptly prepared.	The cash receipts should be recorded by the cash receipts clerk daily on a permanent record that will serve as the first record of accountability.
6. Cash receipts are not promptly deposited. Cash should not be left undeposited for a week.	Cash should be deposited at least once each day.

10-25 (continued)

WEAKNESSES IN PROCESSES	RECOMMENDATION
7. There is no proof of the accuracy of amounts deposited.	Authenticated deposit slips should be compared with daily cash receipts records. Discrepancies should be promptly investigated and resolved. In addition, the treasurer should establish a policy that includes a review of cash receipts.
8. There is no record of the internal accountability for cash.	The treasurer should issue a signed receipt for all proceeds received from the cash receipts clerk. These receipts should be maintained and should be periodically checked against cash receipts and deposit records.

b. All of the weaknesses increase the likelihood of misappropriation of assets, by allowing individuals access to cash receipts or failing to maintain adequate records to establish accountability for cash receipts.

c. The weaknesses have less of an effect on the likelihood of fraudulent financial reporting than they do for misappropriation of assets. The first four weaknesses increase the likelihood of fraudulent financial reporting for reported revenues due to the lack of adequate records to establish the number of patrons.

10-26 a. This fraud is an example of both asset misappropriation and financial statement fraud. Ms. Sachdeva used corporate funds to purchase goods and then manipulated the financial statements to cover up the fraud.

b. People can be addicted to theft the same way they can be addicted to gambling. Ms. Sachdeva also seemed to be addicted to buying expensive goods. Fraudsters often rationalize their theft by arguing the company does not compensate them enough for the work they do. Behavioral red flags in her lifestyle may have included a lavish wardrobe, throwing expensive parties, hiding purchases from her husband or others. Behavioral red flags in the office may have included being too controlling and not delegating work to others, not having anyone else perform her work duties when she was on vacation, or working too closely with the employees she was colluding with, but not others.

10-26 (continued)

c. It would be unusual for a manufacturing company to have several disbursements to American Express unless the company used American Express for their corporate credit cards and paid the bills on a monthly basis. However, in that case it would be easy to anticipate the timing of the payment and the auditors would test, on a sample basis, the underlying support for the credit card payments. It would also be unusual for a company to use several cashier's checks rather than using their primary bank account pre-numbered checks. The auditors can use audit software to search for recurring payments to vendors who are not on the company's approved vendor list, or can also search for cash disbursements that are not from pre-numbered checks or electronic transfers. Auditors also use audit software to search for related party transactions, such as any disbursements made directly to officers of the company.

d. Koss Corporation could have had more monitoring controls in place to oversee the activities of the principal accounting officer. The company also could have had a policy requiring employees to take vacation and have someone else fulfill their duties while they are gone. Furthermore, given Ms. Sachdeva's recordkeeping responsibilities as principal accounting officer, segregation of duties should restrict her from any authorization responsibility to initiate or approve disbursements through checks and wire transfers.

e. The auditors could have changed their audit approach from year-to-year so that it was not as predictable. The auditors could have sampled transactions at different times during the year. In addition, the auditors could have used audit software to search for fraudulent transactions as discussed above.

f. The auditor must conduct the audit to obtain reasonable assurance that material misstatements due to errors and fraud are detected. The auditors should be held liable for failing to detect material misstatements due to fraud, even when there is collusion, if the auditor failed to comply with requirements in auditing standards designed to help the auditor detect material misstatements due to fraud or failed to exercise due professional care. For example, assume a fraud is covered up by incorrectly footing a bank reconciliation, but the auditor failed to independently verify the accuracy of the bank reconciliation. In that case, the auditor would likely be held liable for not detecting the fraud. However, if a fraud is carried out by falsifying a signature on a purchase order, the auditor would not be held responsible for failing to detect a forged signature. So, the answer depends on the nature of the fraud and

10-26 (continued)

whether an audit performed in accordance with auditing standards should have uncovered the fraud. The auditor is not required to search for immaterial fraudulent transactions; however, the auditor is required to follow up when one is discovered.

10-27

1. a. Fraud.
   b. Sales invoices are not recorded until receipt of shipping document indicating that the goods have been shipped.
   c. For sales before and after year end, examine shipping documents to verify the sale was recorded in the proper period. Confirm accounts receivable at year-end.

2. a. Error.
   b. No merchandise may leave the plant without the preparation of a prenumbered bill of lading.
   c. Trace credit entries in the perpetual inventory records to bills of lading and the sales journal. Confirm accounts receivable at year-end.

3. a. Fraud.
   b. Payments should be approved by the accounts payable department only after an authorized purchase order, receiving report, and invoice have been matched.
   c. For a sample of cash disbursements, examine approval of the disbursement based on the matching of the purchase order, receiving report, and invoice.

4. a. Fraud.
   b. Independent verification of packing slip.
   c. Reconcile inventory items on hand to perpetual inventory records and investigate any shortages.

5. a. Fraud.
   b. All payments from customers should be in the form of a check payable to the company. Monthly statements should be sent to all customers.
   c. Trace from recorded sales transactions to cash receipts for those sales; confirm accounts receivable balances at year-end.

6. a. Error.
   b. Internal verification of invoice preparation and posting by an independent person.
   c. Test clerical accuracy of sales invoices.

10-27 (continued)

7. a. Fraud.
   b. The prelisting of cash receipts should be compared to the postings in the accounts receivable master file and to the validated bank deposit slip.
   c. Trace cash received from prelisting to cash receipts journal. Confirm accounts receivable.

10-28 a. The lack of separation of duties was the major weakness that permitted the fraud for Appliance Repair and Service Company. Gyders has responsibility for opening mail, prelisting cash, updating accounts receivable, and authorizing sales allowances and write-offs for uncollectible accounts. It is easy for Gyders to take the cash before it is prelisted and to charge off an accounts receivable as a sales allowance or as a bad debt.

b. There are several suggestions that could reduce the potential for fraud at Appliances Repair and Service Company. Many of these involve separating a number of the tasks formerly performed by Gyders and assigning those to other individuals. Several suggestions are noted below:

1. As soon as cash is received, a prelisting of cash should be prepared. The purpose of a prelisting of cash is to immediately document cash receipts at the time that they are received by the company. Assuming all cash is included on the prelisting, it is then easy for someone to trace from the prelisting to the cash receipts journal and deposits. Furthermore, if a dispute arises with a customer, it is easy to trace to the prelisting and determine when the cash was actually received. The prelisting should be prepared by a competent person who has no significant responsibilities for accounting functions. The person should not be in a position to withhold the recording of sales, adjust accounts receivable or sales for credits, or adjust accounts receivable for sales returns and allowances or bad debts.

2. Subsequent to the prelisting of cash, it is desirable for an independent person to trace from the prelisting to the bank statement to verify that all amounts were deposited. This can be done by anyone independent of whoever does the prelisting, or prepares or makes the deposit.

3. A general rule that should be followed for depositing cash is that it should be deposited as quickly as possible after it is received, and handled by as few people as possible. It is

10-28 (continued)

ideally, the person receiving the cash that should prepare the prelisting and prepare the deposit immediately afterward. That person should then deposit the cash in the bank. Any unintentional errors in the preparation of the bank deposit should be discovered by the bank. The authenticated duplicate deposit slip should be given to the accounting department who would subsequently compare the total to the prelisting. When an independent person prepares the bank reconciliation, there should also be a comparison of the prelisting to the totals deposited in the bank.

Any money taken before the prelisting should be uncovered by the accounting department when they send out monthly statements to customers. Customers are likely to complain if they are billed for sales for which they have already paid. Thus, any pocketing of cash should be detected by customer complaints, as long as customer complaints are directed to someone other than individuals involved in prelisting cash.

10-29 a.

WEAKNESSES IN PROCESSES	LIKELY MISSTATEMENTS
1. The foreman has the ability to hire employees and enter their names into the pay system with no other approval.	Nonexistent or incompetent employees may be hired at the foreman's option.
2. The foreman may make changes to salary rates without approval of company management.	Employees may be paid at rates that are higher than their skill warrants.
3. No investigation of new employees to determine background experience and dependability is performed.	Dishonest or unqualified employees may be hired.
4. No control exists over time cards and the completion thereof.	Employees may report and be paid for time that they did not work.
5. No review or internal verification of the amount on the payroll checks is performed.	Misstatements made by the payroll clerks in favor of employees would likely not be discovered.
6. Payroll checks are not prenumbered or controlled by the payroll clerks.	The chief accountant could prepare, sign, and cash an extra payroll check without detection.

b. Weaknesses 1, 2, 4, 5, and 6 increase the likelihood of fraud involving misappropriation of assets. Fraud involving misappropriation of assets is relatively common for payroll, although the amounts are often not material. Fraudulent financial reporting involving payroll is less likely.

10-30 The PCAOB has reorganized PCAOB auditing standards effective December 31, 2016. The responses below reflect the location of the appropriate guidance in the reorganized standards.

a. Guidance for auditor consideration of fraud in a financial statement audit is found AS 2401, *Consideration of Fraud in a Financial Statement Audit*. Paragraph .54 of AS 2401 provides guidance to auditors when there is a risk of fraud related to inventory. That paragraph notes that the auditor may consider performing some of the following procedures:

1. The auditor may decide to observe inventory counts at certain locations on an unannounced basis or to conduct inventory counts at all locations on the same date. Or, the auditor might decide to conduct inventory counts at or near the end of the reporting period to minimize the risk of inappropriate manipulation during the period between the count and the end of the reporting period.

2. The auditor might perform additional procedures during the observation of the inventory count, for example, by more rigorously examining the contents of boxed items, the manner in which the goods are stacked (for example, hollow squares) or labeled, and the quality (that is, purity, grade, or concentration) of liquid substances such as perfumes or specialty chemicals. The auditor might use an inventory specialist to assist with this.

3. The auditor might choose to conduct additional testing of count sheets, tags, or other records, or the retention of copies of these records, may be warranted to minimize the risk of subsequent alteration or inappropriate compilation.

4. The auditor may want to employ additional procedures directed at the quantities included in the priced out inventories to further test the reasonableness of the quantities counted and the auditor may consider using computer-assisted audit techniques to further test the compilation of the physical inventory counts—for example, sorting by tag number to test tag controls or by item serial number to test the possibility of item omission or duplication.

b. Paragraph .68 of AS 2110, *Identifying and Assessing the Risk of Material Misstatement,* requires the auditor to presume that there is a fraud risk involving improper revenue recognition and evaluate which types of revenue, revenue transactions, or assertions may give rise to such risks.

10-30 (continued)

c. Paragraph .54 of AS 2401, *Consideration of Fraud in a Financial Statement Audit,* provides the following examples of auditor responses to address the risk of fraud related to revenue recognition:

1. Performing substantive analytical procedures relating to revenue using disaggregated data to examine revenue by product line or business segment during the current reporting period with comparable prior periods.
2. Confirming with customers certain relevant contract terms and the absence of side agreements.
3. Inquiring of the entity's sales and marketing personnel or in-house legal counsel regarding sales or shipments near the end of the period and their knowledge of any unusual terms or conditions associated with these transactions.
4. Being physically present at one or more locations at period end to observe goods being shipped or being readied for shipment (or returns awaiting processing) and performing other appropriate sales and inventory cutoff procedures.
5. For those situations for which revenue transactions are electronically initiated, processed, and recorded, testing controls to determine whether they provide assurance that recorded revenue transactions occurred and are properly recorded.

d. Paragraph .83 of AS 2401, *Consideration of Fraud in a Financial Statement Audit,* requires the auditor to document the following related to the consideration of fraud in a financial statement audit:

1. The discussion among engagement personnel in planning the audit regarding the susceptibility of the entity's financial statements to material misstatement due to fraud, including how and when the discussion occurred, the audit team members who participated, and the subject matter discussed.
2. The procedures performed to obtain information necessary to identify and assess the fraud risks.
3. The fraud risks that were identified at the financial statement and assertion levels, and the linkage of those risks to the auditor's response.
4. If the auditor has not identified, in a particular circumstance, improper revenue recognition as a fraud risk, the reasons supporting the auditor's conclusion.
5. The results of the procedures performed to address the assessed fraud risks, including those procedures performed to further address the risk of management override of controls.

10-30 (continued)

6. Other conditions and analytical relationships that caused the auditor to believe that additional auditing procedures or other responses were required and any further responses the auditor concluded were appropriate, to address such risks or other conditions.
7. The nature of the communications about fraud made to management, the audit committee, and others.

e. Paragraphs .54 through .58 of AS 12 require the auditor to make inquiries of management, the audit committee, internal audit, and other personnel about their views of the risks of material misstatement due to fraud, controls and other procedures in place to address the risks of fraud and their knowledge of any suspected or detected fraud within the entity.

The above guidance is contained in paragraphs .54 through .58 in AS 2110, *Identifying and Assessing the Risk of Material Misstatement,* in the PCAOB's reorganized standards.

f. Paragraph .65 of AS 12 (which is now in paragraph .65 of AS 2110) defines "fraud risk factors" as "events or conditions that indicate (1) an incentive or pressure to perpetrate fraud, (2) an opportunity to carry out the fraud, or (3) an attitude or rationalization that justifies the fraudulent action." Fraud risk factors do not necessarily indicate the existence of fraud; however, they often are present in circumstances in which fraud exists. Paragraph .66 states "All three conditions discussed in the preceding paragraph are not required to be observed or evident to conclude that a fraud risk exists. The auditor might conclude that a fraud risk exists even when only one of these three conditions is present." Examples of fraud risk factors are contained in the Appendix of AS 2410, *Consideration of Fraud in a Financial Statement Audit*.

10-31 a. These procedures are examples of techniques auditors employ to address the risk material misstatement due to fraud. Most of the procedures are intended to directly address the risk of management override of controls. Auditing standards require that three types of procedures be performed in every audit to address the risk of management override. These include the following:

1. Examine journal entries and other adjustments for evidence of possible misstatement due to fraud
2. Review accounting estimates for bias
3. Evaluate the business rationale for significant unusual transactions

Procedure #3 is performed to also introduce an element of unpredictability in the audit.

10-31 (continued)

b.

Procedure	Purpose
1.	The auditor is using audit software to facilitate the examination of journal entries recorded in the various accounting journals. The auditor is particularly interested in examining large transactions (those greater than $1 million) and those with unusual account codings, to determine if any of these transactions suggest the possibility of fraud, including management override of controls to perpetrate fraud.
2.	The auditor is performing a "look back" evaluation of the prior year allowance to determine whether there is any evidence of bias in management's prior year estimation of potential uncollectible accounts. The auditor is evaluating the extent to which current year write-offs differed from management's prior year estimate to evaluate whether there is any evidence that management might have intentionally understated or overstated the allowance estimate.
3.	The auditor's decision to examine inventories at two of the smaller warehouses is an example of how the auditor is including an element of unpredictability in the audit strategy. Management might be familiar with audit procedures used by the auditor in prior years and thus embed a fraud in areas not typically examined by the auditor. An element of unpredictability in the audit strategy may deter management from such behavior.
4.	Auditing standards emphasize the importance of understanding the underlying rationale for significant unusual transactions that might be outside the normal course of business for the company for purposes of evaluating whether the transactions have been entered into to engage in fraudulent financial reporting. In this instance, the auditor is obtaining information to understand the business rationale of this new joint venture and to evaluate whether management may be engaging in this new type of transaction to perpetrate fraudulent financial reporting.
5.	Manual journal entries made by management outside of the accounting information system provide an opportunity to manipulate information outside internal controls embedded in those systems. A number of frauds have occurred through "top-side adjustments." The auditor is performing this procedure to evaluate whether any of the manual journal entries suggest the presence of fraudulent financial reporting.

10-32 a. The auditor must conduct the audit to detect errors and fraud, including embezzlement, that are material to the financial statements. It is more difficult to discover embezzlements than most types of errors, but the auditor still has significant responsibility. In this situation, the weaknesses in Bargon's processes are such that they should alert the auditor to the potential for fraud. On the other hand, the fraud may be immaterial and therefore not be of major concern. The auditor of a public company must also consider the impact of noted deficiencies when issuing the auditor's report on internal control over financial reporting. When noted deficiencies are considered to be material weaknesses, whether individually or combined with other deficiencies, the auditor's report must be modified to reflect the presence of material weaknesses.

b. The following weaknesses in Bargon's processes exist:

1. The person who reconciles the bank account does not compare payees on checks to the cash disbursements journal.
2. The president signs blank checks, thus providing no control over expenditures.
3. No one checks invoices to determine that they are cancelled when paid.

c. To uncover the fraud, the auditor could perform the following procedures:

1. Comparison of payee on checks to cash disbursements journal.
2. Follow up all outstanding checks that did not clear the bank during the engagement until they clear the bank. Compare payee to cash disbursements journal.

10-33 1. a. Fraudulent financial reporting.
b. N/A
c. Confirm receivables, including the existence of any special terms with customers.

2. a. Fraudulent financial reporting.
b. N/A
c. Test the accuracy of the aging by recalculating the number of days outstanding for a sample of accounts receivable.

3. a. Misappropriation of assets.
b. Credit memos are approved by an appropriate person independent of accounting for sales and cash receipts.
c. N/A

10-33 (continued)

4. a. Fraudulent financial reporting.
   b. N/A
   c. Confirm receivables, including the existence of any special terms with customers. Examine sales returns after year-end to see if they relate to sales recorded before year-end.

5. a. Misappropriation of assets.
   b. Reconcile cash to amount recorded in the cash register.
   c. N/A

6. a. Fraudulent financial reporting.
   b. N/A
   c. Confirm accounts receivable at year end, including any special sales terms. Inquire about the existence of goods held for customers during inventory observation.

7. a. Fraudulent financial reporting.
   b. N/A
   c. Confirm accounts receivable at year end. Obtain last receiving reports for returned goods from receiving department and trace to credit memos.

8. a. Misappropriation of assets.
   b. Require that all sales be supported by receipts recorded in the cash register.
   c. N/A

9. a. Fraudulent financial reporting.
   b. N/A
   c. Review supporting documentation, including purchase order, shipping document and invoice, for sales occurring at year-end and trace to proper recording of sales and accounts receivable, as well as cost of goods sold and inventory.

10-34

1. a. There may be unrecorded cash disbursement transactions.
   b. Because the transactions relate to cash disbursements, the cash account will be affected. The accounts payable account may be misstated if the disbursement is the payment on an account. If the disbursement is for the direct payment of an expense or is related to the purchase of assets, then expense or asset accounts will be affected. Payments on other liability accounts would impact those liability accounts.
   c. Existing transactions are recorded (completeness).

10-34 (continued)

2. a. There may be fictitious accounts receivable accounts included in the master file.
   b. Accounts receivable and sales are likely to be affected by fictitious receivables.
   c. Amounts included exist (existence).

3. a. The client may be removing repair and maintenance expenditures from the expense account and capitalizing them instead.
   b. Repair and maintenance expenses and fixed assets are likely to be affected.
   c. All repair and maintenance expenditures that do not meet the criteria for capitalization are properly recorded as an expense (completeness), and repair and maintenance charges that extend the useful life of the asset are properly recorded as a fixed asset (existence).

4. a. Management may have manipulated key assumptions so that pension expense and pension liability amounts would be lower.
   b. Pension expense and pension liability accounts are likely to be affected.
   c. Amounts included are stated at the correct values (accuracy).

5. a. The client may have shipped and recorded large amounts of goods close to year end to third parties who may hold the goods on consignment or who have full rights of return. These shipments were made to record a fictitious sale and related receivable.
   b. Accounts receivable and sales and the related costs of goods sold and ending inventory would be affected by this activity.
   c. Recorded amounts meet the criteria for revenue recognition (occurrence).

6. a. Assets that were misappropriated may be concealed by recording purchase transactions using non-standard, fictitious vendor numbers.
   b. Accounts payable would be overstated and the related asset account would be increased by the unauthorized transaction.
   c. Recorded amounts existed (occurrence).

10-34 (continued)

7. a. Sales may be fictitiously recorded before any goods were shipped.
   b. Sales and accounts receivable.
   c. Recorded amounts meet the criteria for revenue recognition (occurrence).

8. a. Fictitious sales transactions may have been entered to increase sales revenue, possibly by management overriding internal controls.
   b. Sales and accounts receivable.
   c. Recorded amounts meet the criteria for revenue recognition (occurrence).

■ **Case**

10-35 a. There are many fraud risk factors indicated in the dialogue. Among the fraud risk factors are the following:

- A significant portion of Mint's compensation is represented by bonuses and stock options. Although this arrangement has been approved by SCS Board of Directors, this may be a motivation for Mint, the new CEO, to engage in fraudulent financial reporting.
- Mint's statement to the stock analysts that SCS earnings would increase by 30% next year may be both an unduly aggressive and unrealistic forecast. That forecast may tempt Mint to intentionally misstate certain ending balances this year that would increase the profitability of the next year.
- The SCS audit committee may not be sufficiently objective because Green, the chair of the audit committee, hired Mint, the new CEO, and they have been best friends for years.
- One individual, Mint, appears to dominate management without any compensating controls. Mint seems to be making all the important decisions without any apparent input from other members of management or resistance from the Board of Directors.
- There were frequent disputes between Brown, the prior CEO, who like Mint apparently dominated management and the Board of Directors, and Jones, the predecessor auditor. This fact may indicate that an environment exists in which management will be reluctant to make any changes that Kent suggests.
- Management seems satisfied with an understaffed and ineffective internal audit department. This situation displays an inappropriate attitude regarding the internal control environment.

10-35 (continued)

- Management has failed to properly monitor and correct a significant deficiency in its internal control—the lack of segregation of duties in cash disbursements. This disregard for the control environment is also a risk factor.
- Information about anticipated future layoffs has spread among the employees. This information may cause an increase in the risk of material misstatement arising from the misappropriation of assets by dissatisfied employees.

b. Kent has many misconceptions regarding the consideration of fraud in the audit of SCS financial statements that are contained in the dialogue. Among Kent's misconceptions are the following:

Kent states that the auditor does not have specific duties regarding fraud. In fact, an auditor has a responsibility to specifically assess the risk of material misstatement due to fraud and to consider that assessment in designing the audit procedures to be performed.

- Kent is not concerned about Mint's employment contract. Kent should be concerned about a CEO's contract that is based primarily on bonuses and stock options because such an arrangement may indicate a motivation for management to engage in fraudulent financial reporting.
- Kent does not think that Mint's forecast for 2017 has an effect on the financial statement audit for 2016. However, Kent should consider the possibility that Mint may intentionally misstate the 2016 ending balances to increase the reported profit in 2017.
- Kent believes the audit programs are fine as is. Actually, Kent should modify the audit programs because of the many risk factors that are present in the SCS audit.
- Kent is not concerned that the internal audit department is ineffective and understaffed. In fact, Kent should be concerned that SCS has permitted this situation to continue because it represents a risk factor for fraud.
- Kent states that an auditor provides no assurances about fraud because that is management's job. In fact, an auditor has a responsibility to plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.
- Kent is not concerned that the prior year's material weakness in internal control has not been corrected. However, Kent should be concerned that the lack of segregation of duties in the cash disbursements department represents

10-35 (continued)

a risk factor relating to misstatements arising from themisappropriation of assets. If the client was a publicly traded company, the presence of an uncorrected material weakness would significantly affect the auditor's report on internal control over financial reporting.

- Kent does not believe the rumors about big layoffs in the next month have an effect on audit planning. In planning the audit, Kent should consider this a risk factor because it may cause an increase in the risk of material misstatement arising from misappropriation of assets by dissatisfied employees.

c. Auditing standards require that auditors document the following matters related to the auditor's consideration of material misstatements due to fraud:

- The discussion among engagement team personnel in planning the audit about the susceptibility of the entity's financial statements to material fraud.
- Procedures performed to obtain information necessary to identify and assess the risks of material fraud.
- Specific risks of material fraud that were identified, and a description of the auditor's response to those risks.
- Reasons supporting a conclusion that there is not a significant risk of material improper revenue recognition.
- Results of the procedures performed to address the risk of management override of controls.
- Other conditions and analytical relationships that indicated that additional auditing procedures or other responses were required, and the actions taken by the auditor.
- The nature of communications about fraud made to management, the audit committee, or others.

After fraud risks are identified and documented, the auditor should evaluate factors that reduce fraud risk. The auditor should then develop appropriate responses to the risk of fraud.

■ Integrated Case Application

10-36

PINNACLE MANUFACTURING—PART III

a. The following are some of the fraud risk triangle factors that students may identify from Parts I and II:

Incentives/Pressures

1. Pinnacle's board is considering selling the Machine-Tech division, and the president of the division is committed to making it profitable (Part I).
2. Pinnacle is in danger of violating its debt covenants (Part II).

Opportunities

1. Pinnacle engages in a number of related party transactions (Part I)
2. Realizable value issues exist with inventory and receivables (Part I and II).
3. There has been turnover in internal audit personnel (Part II).

Attitudes/Rationalizations

1. Pinnacle has had disputes with the IRS (Part II).

b. The company is in the engine manufacturing business, and has recently expanded into solar engines. The engine manufacturing business is competitive and increasingly outsourced. The solar business depends on developing technology. These characteristics are most likely to affect inventory, and to a lesser extent accounts receivable and fixed assets.

c. Pinnacle could overstate revenues in several ways. The auditor would especially focus on the Machine-Tech division because of the incentives identified in part a.

Technique to overstate revenue	Audit technique to determine if fraud is occurring
Record sales in subsequent period as current sales.	Examine shipping documents for sales recorded before year end.
Ship goods to customers that were not ordered.	1. Examine customer orders for goods shipped before year-end 2. Confirm accounts receivable.

d. Several changes in account balances suggest the potential for fraud:

1. Revenues increased by 8%. If this increase was not expected, it could suggest revenue recognition fraud.
2. The decline in depreciation and bad debt expense, which are management estimates, could suggest the use of estimates to overstate income.

10-36 (continued)

e. Potential fraud risks from Part II

	Fraud risk	Fraud Triangle Element (if yes)
1.	Yes	Motivation (justify commitment to solar)
2.	Yes	Opportunity
3.	Yes	Opportunity (related party transaction)
4.	Yes	Opportunity
5.	Yes	Opportunity
6.	No	
7.	Yes	Opportunity (related party transaction)
8.	Yes	Opportunity
9.	Yes	Incentives
10.	Yes	Attitude/rationalization
11.	Yes	Opportunity (related party transaction)

10-37 ACL Problem

a. The total of the Amount column for all Pcard purchases is $5,898,195.70. *(Use the Total command under the Analyze tab on the Amount column).*

b. There are 101 Pcard transactions that are >$1,000 each. (*Use the Filter command to select all Pcard transactions greater than $1,000, save to a file, and print.*)

Note: A printout of the output is shown on the next page. Note that this file was produced by exporting the saved file to Excel. Students' hardcopy printouts will appear slightly different, but will contain the same amount totals by Vendor Number. The solution on the next page shows only the first 10 records and the last five records as an example of that printout.

10-37 (continued)

AccountNumber	ReferenceNumber	VendorNumber	VendorName	VendorLocation	UnitCost	Quantity	Amount
4556278201837269	0000013993812376	00015200563	ABC Furniture Co.	Shakopee, MN	1312.5	1	$1,312.50
4074095856238491	0000013998829656	11039200403	Office Furnishings Ltd.	Huntsville, AL	1050	1	$1,050.00
4556174795046393	0000014000128274	00030000914	Park It Furnishings	Briarcliff Manor, NY	1312.5	1	$1,312.50
4074095856238491	0000014000587370	01130400892	NuevoTech Co.	Oakland, CA	1050	1	$1,050.00
4929096239434630	0000014002903958	0116800929	Direct Computer Ltd.	Salt Lake City, UT	1275.1	1	$1,275.10
4024007102887741	0000014008676695	01014800935	Ping Systems	Long Island City, NY	1050	1	$1,050.00
4539553914386503	0000014010231358	00029200138	Meridian Industries	Huntington, NY	2475	1	$2,475.00
4074095856238492	0000014010483821	0016000281	Mowza Computers Ltd.	Austin, TX	3444	1	$3,444.00
4929974631026206	0000014023924210	10114000561	Merrick Business Warehouse	Merrick, NY	2025	1	$2,025.00
4929096239434630	0000014024618430	00029200138	Meridian Industries	Huntington, NY	1800	1	$1,800.00

(note we do not show the full printout. Instead, this solution shows the first 10 records and the last five records).

4779713793834655	0000014234115982	10114000561	Merrick Business Warehouse	Merrick, NY	1190	1	$1,190.00
4539662715148630	0000014235896370	00140067	United Equipment	Bronx, NY	1639.4	1	$1,639.40
4823970469096508	0000014236264443	00011200575	Bronx Office Supplies	Bronx, NY	1068.7	1	$1,068.70
4486018831745861	0000014237410569	01014800935	Ping Systems	Long Island City, NY	1050	1	$1,050.00
4009024143997131	0000014239003673	00029200138	Meridian Industries	Huntington, NY	1062.5	1	$1,062.50

10-37 (continued)

c. When using vendor names to identify the three vendors from which the largest total Pcard purchases were made, the top three vendors are the ones noted below are shown below. (*Use the Summarize command under Analyze to compute total Pcard purchases by vendor name and then use Quick Sort to sort the Amount column in descending order, save to a file, and print.*):

VendorName	COUNT	Amount
Merrick Business Warehouse	1362	418331.71
Winston Manufacturing	1195	362272.67
Omega Tech Inc.	1141	346182.24

Note: The above reflects the amount of Pcard transactions with a given vendor name. Interestingly, there are two different vendor numbers associated with Merrick Business Warehouse: #10039200418 and #10114000561. If students used the VendorNumber field when they use the Summarize command, they will not realize that this vendor is the one with the most Pcard purchases.

d. The vendor with the largest amount of Pcard purchases is Merrick Business Warehouse. There are 16 Pcard transactions that each exceeded $1,000 made with that vendor. The printout of those purchases is shown below. Note there was an additional transaction for exactly $1,000 that is not reported below given the query was for transactions exceeding $1,000. (*Use the Filter command to identify all Pcard transactions for vendor number '10039200418' and '10114000561' and then use Quick Sort to sort the transactions by the Amount column in descending order, save to a file, and print.*)

10-37 (continued)

VendorName	VendorNumber	Description	UnitCost	Quantity	Amount
Merrick Business Warehouse	10114000561	Workstaion Desk W/ High Mount Book Case And Filing	$2,025.00	1	$2,025.00
Merrick Business Warehouse	10114000561	Orbit Desk, Tiger Oak	$1,925.00	1	$1,925.00
Merrick Business Warehouse	10114000561	Workstaion Desk W/ High Mount Book Case And Filing	$1,912.50	1	$1,912.50
Merrick Business Warehouse	10114000561	Workstaion Desk W/ High Mount Book Case And Filing	$1,912.50	1	$1,912.50
Merrick Business Warehouse	10114000561	Carnegie Bay L-Shaped Workcentre With Hutch	$1,750.00	1	$1,750.00
Merrick Business Warehouse	10114000561	Carnegie Bay L-Shaped Workcentre With Hutch	$1,750.00	1	$1,750.00
Merrick Business Warehouse	10114000561	Orbit Desk, Tiger Oak	$1,487.50	1	$1,487.50
Merrick Business Warehouse	10039200418	MS Project	$1,480.00	1	$1,480.00
Merrick Business Warehouse	10114000561	Orbit Desk, Tiger Oak	$1,400.00	1	$1,400.00
Merrick Business Warehouse	10114000561	Carnegie Bay L-Shaped Workcentre With Hutch	$1,375.00	1	$1,375.00
Merrick Business Warehouse	10114000561	Carnegie Bay L-Shaped Workcentre With Hutch	$1,375.00	1	$1,375.00
Merrick Business Warehouse	10114000561	Carnegie Bay L-Shaped Workcentre With Hutch	$1,375.00	1	$1,375.00
Merrick Business Warehouse	10114000561	Workstation	$1,375.00	1	$1,375.00
Merrick Business Warehouse	10039200418	19" Daytek 953Df Flat 1280X1024 .25Dp	$1,350.00	1	$1,350.00
Merrick Business Warehouse	10114000561	Workcentre, Cognac/Graphite	$1,211.20	1	$1,211.20
Merrick Business Warehouse	10114000561	Classic Workstation Collection. Choco/Pear	$1,190.00	1	$1,190.00

10-37 (continued)

e. There are 39 Pcard transactions with purchase amounts ranging between \$990.00 and \$999.99. In fact, all 39 transactions are each at \$990.00 in amount, as show below. (*Use the Filter command to Pcard transactions with Amount between \$990.00 and \$999.99, save to a file, and print.*)

AccountNumber	VendorNumber	VendorName	Description	UnitCost	Quantity	Amount
4486230080202821	10039200418	Merrick Business Warehouse	17" Samsung 171S LCD Screen Black	990	1	$990.00
4929974631026206	10114000561	Merrick Business Warehouse	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4024007182132398	00124000386	Winston Manufacturing	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4916465731737599	00029200138	Meridian Industries	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4450317223843348	0002000138	PC Upgrade Depot	17" Samsung 171S LCD Screen Black	990	1	$990.00
4450317223843348	0002000138	PC Upgrade Depot	17" Daytek Mv170 LCD Screen	990	1	$990.00
4556840201547394	10025200753	Ping Supplies	Intel Celeron 2000 W/128K Cache Socket478	990	1	$990.00
4556282154271112	01032400455	Executive Impressions	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4916993100104703	01014800221	Furniture Store Online	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4532306581131117	10025200753	Ping Supplies	Intel Celeron 2000 W/128K Cache Socket478	990	1	$990.00
4539328836180627	00124000386	Winston Manufacturing	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4009024143997131	00030000914	Park It Furnishings	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4539945648459640	00019600363	A la Mode Computers	Asus P4S533-Vm ,W/Audio, 400/533Fsb,1AGP,3Pci,2Xdd	990	1	$990.00
4532991674023634	1005600877	Omega Tech Inc.	Asus P4S533-Vm ,W/Audio, 400/533Fsb,1AGP,3Pci,2Xdd	990	1	$990.00
4024007130590945	101840081	IT Shop	17" Daytek 755Df Flat 1280X1024 .25Dp	990	1	$990.00
4556386102174466	00030000914	Park It Furnishings	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4556174795046393	00011200575	Bronx Office Supplies	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4556278201837269	10124400457	Executive Design Workspaces	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4009024143997131	11122000228	D - Quadrant Designs	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4556174795046393	1005600877	Omega Tech Inc.	17" Daytek Mv170 LCD Screen	990	1	$990.00
4139617133884335	1005600877	Omega Tech Inc.	17" Phillips 170B2B LCD Screen	990	1	$990.00

10-37 (continued)

4024007162825466	10114000561	Merrick Business Warehouse	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4539688053589762	00124000386	Winston Manufacturing	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4486664772641328	1004000994	Superior Tech Partners Inc.	17" Daytek Mv170 LCD Screen	990	1	$990.00
4486854368049826	00015200563	ABC Furniture Co.	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4556611633720416	10114000561	Merrick Business Warehouse	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4916675816022846	0115600322	Bell Computer Supplies	17" Daytek Mv170 LCD Screen	990	1	$990.00
4024007101839644	10130800575	Techno Electronic Store	17" Daytek 755Df Flat 1280X1024 .25Dp	990	1	$990.00
4716297575718555	00015200563	ABC Furniture Co.	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4532883667107831	11012800678	Used Furniture World	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4716858305810788	00124000386	Winston Manufacturing	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4556174795046393	00015200563	ABC Furniture Co.	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4716883599206303	00024800752	Ed's Electronic Warehouse	17" Daytek 755Df Flat 1280X1024 .25Dp	990	1	$990.00
4024007173939678	00015200563	ABC Furniture Co.	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4221399997254926	0115600322	Bell Computer Supplies	Intel Pentium 4 - 2.53 Ghz W/512K Cache 533Fsb	990	1	$990.00
4532942978384818	00015200563	ABC Furniture Co.	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4024007190604263	10114000561	Merrick Business Warehouse	Desk With Return And Hutch, Black/Silver	990	1	$990.00
4556278201837269	00019600363	A la Mode Computers	17" Daytek 755Df Flat 1280X1024 .25Dp	990	1	$990.00
4539945648459640	00032000325	Terrabyte Computer Center	17" Daytek 755Df Flat 1280X1024 .25Dp	990	1	$990.00