

# Module 1 - Types of Problems

- Problems with integrity of financial information can result from...
  - Errors
  - Disagreement
  - Fraud



# Types of Errors

- Errors in Transactions and Journal Entries
  - Source documents are lost
  - Amount entered into records is incorrect
  - Accounts involved were incorrectly identified



# Disagreements in Judgment

- Many think the accounting profession involves exactness and precision
  - Black and White
- Accountants are constantly making judgments and estimates regarding the past and the future



# Fraudulent Financial Reporting

- Intentional deception
- False source documents
- Fictitious Journal Entries



# Fraudulent activities

- Most businesses do not engage in fraudulent activity
- Financial deception does not come about for two reasons:
  - Vast majority of business managers are honest and possess integrity
  - Safeguards have been built into the accounting system to prevent and detect problems

