

Ex. 8–15

To prevent the fraud scheme described, Digital Com must separate responsibilities for related operations. As in the past, all service requisitions should be submitted to the Purchasing Department. After receiving the service request, Purchasing should complete a Service Verification form, stating what service has been ordered and the name of the company that will provide the service. This form should be delivered via intercompany mail to the person responsible for verifying that the service was performed. This person should be someone who has firsthand knowledge of whether the service has been performed. This person, who must be someone other than the manager requesting the service, should fill in the date and time the service was received and sign the form. In addition, the vendor providing the service should sign the form before leaving the premises. When completed, the Service Verification form should be forwarded to the Accounting Department. Accounting will authorize payment of the vendor's invoice after the Service Verification form has been compared with the invoice.

Ex. 8–16

- a. Addition to the balance per bank: (3), (5)
- b. Deduction from the balance per bank: (6)
- c. Addition to the balance per company's records: (2), (7)
- d. Deduction from the balance per company's records: (1), (4)

Ex. 8–17

(1), (2), (4), (7)

The preceding additions and deductions to the cash balance according to the company's records require journal entries in the company's records. Additions and deductions to the cash balance according to the bank's records do not require the company to record journal entries.