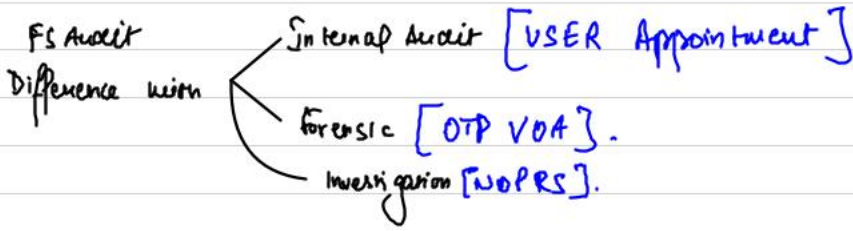


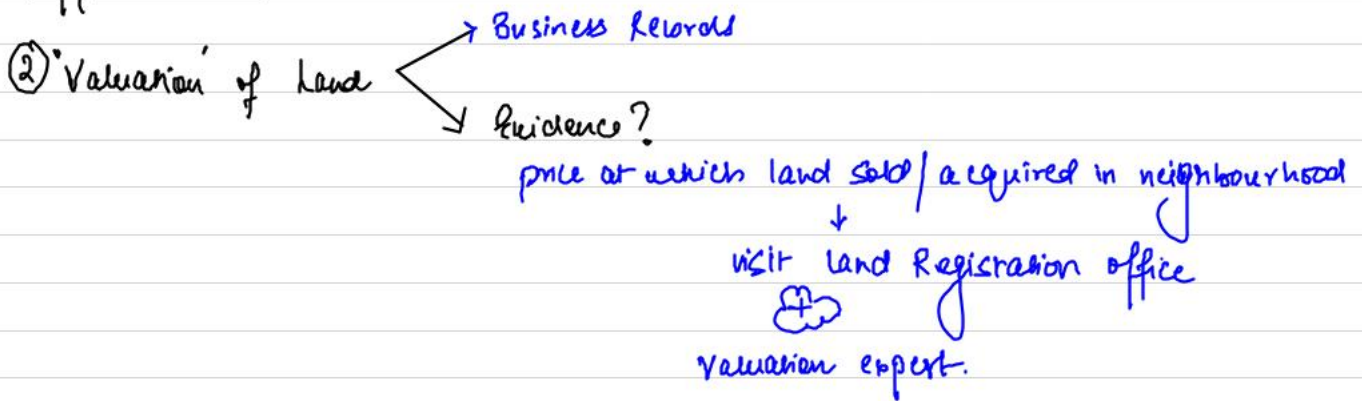
Investigation



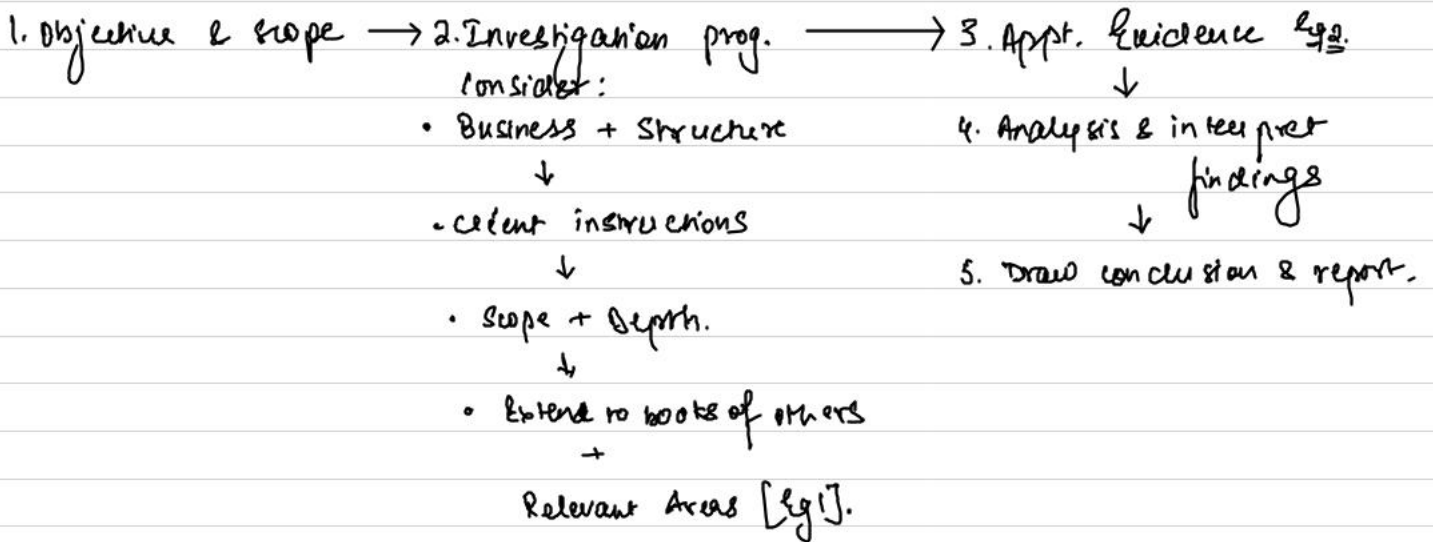
eg. Relevant Areas



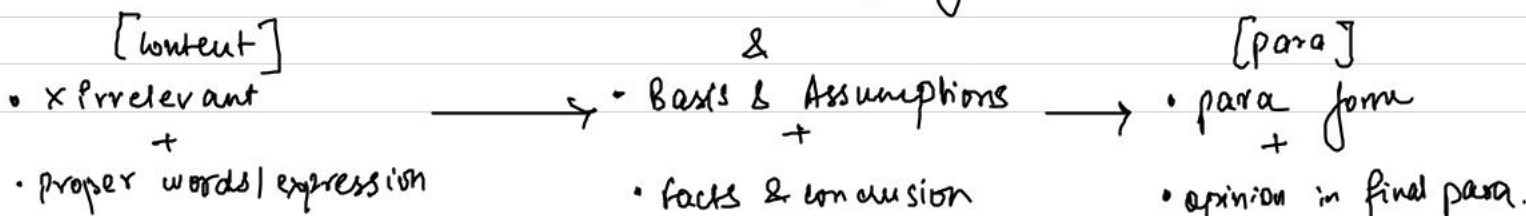
• Appt. Evidence



Steps in Investigation

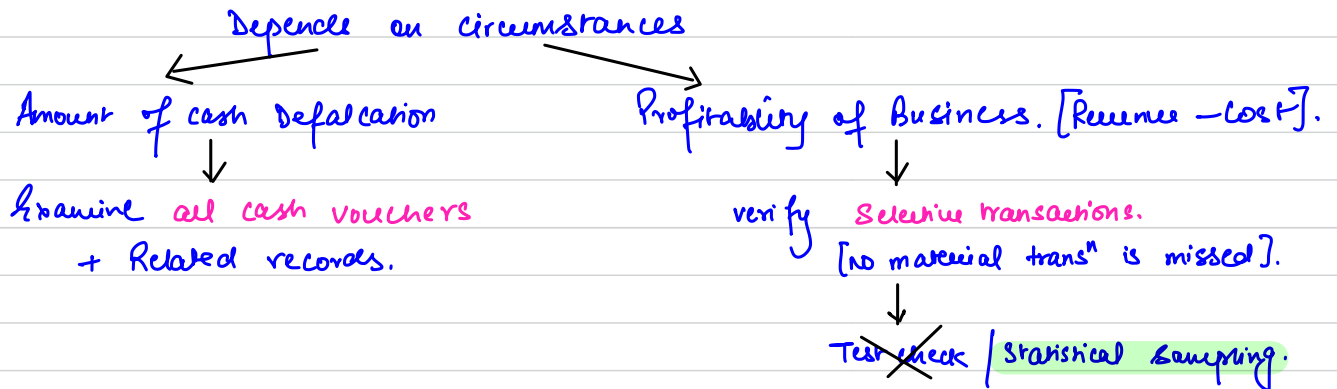


Imp. issues → consider → Preparing Report

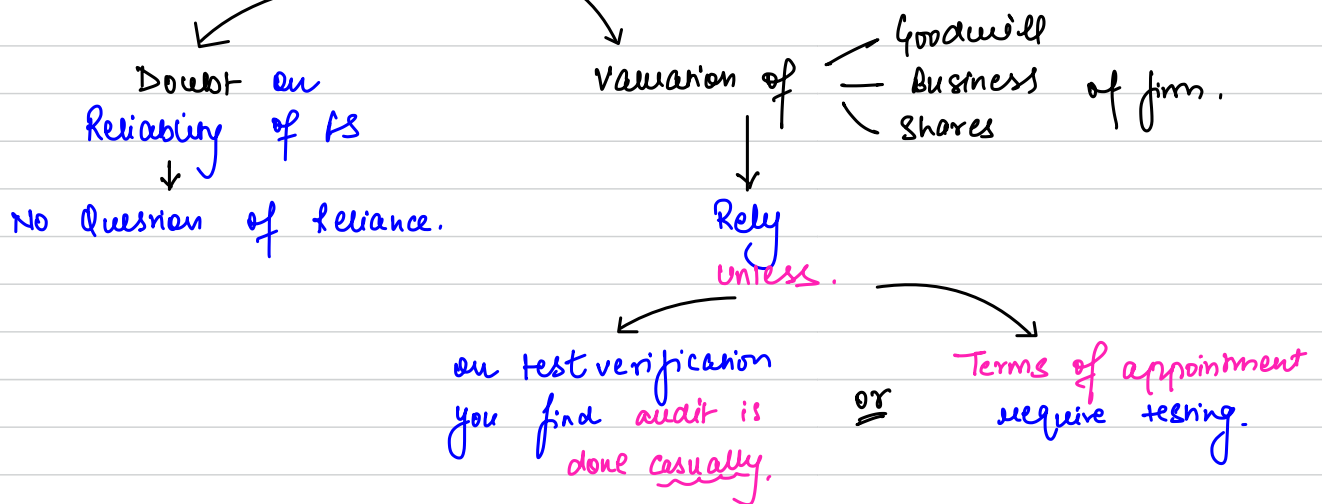


* Special issues in Investigation *

Q 100% verification or selective verification?



Q Rely on already audited fs?



Q What if A/cs not audited?

Not audited
↓
Accounting figures should be checked & verified.

Prepared by Professional Accountant for purpose of investigation.

Accept relying on

"Principle of liability to 3rd parties"

(+)

check the objectivity of accountant

i.e. No biasness.

Q Assistance of expert? [valuation].

• May feel necessity of views or opinions of expert.

↓
Get "written consent" of client at beginning.

+
Settle questions of 'cost' of obtaining views.

Q Retain working papers or not? by inventory fraud

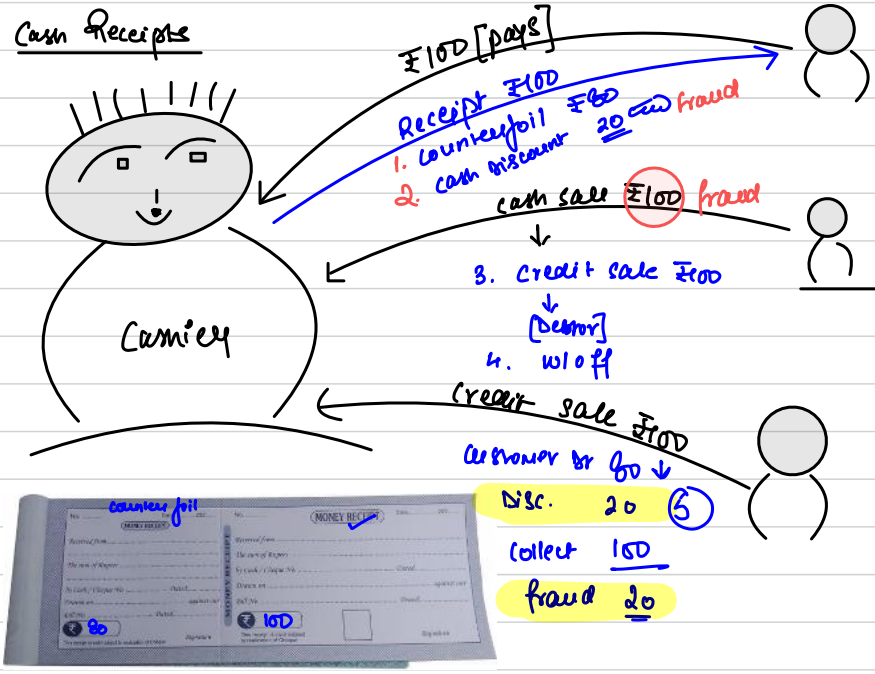
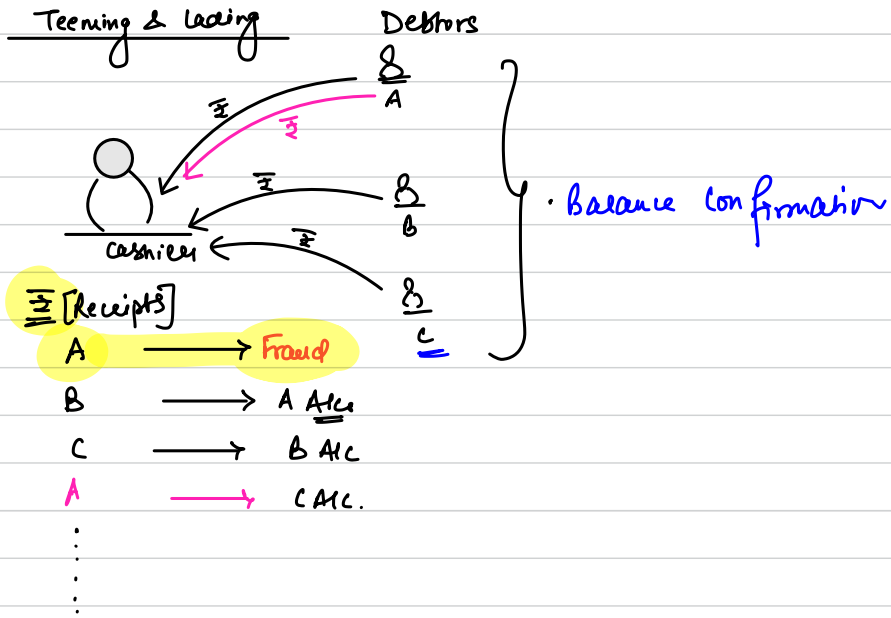
Retain full notes of work — schedules
facts & figures
conversations etc.

↓
"link up" — figures in client's books
with his final figures.

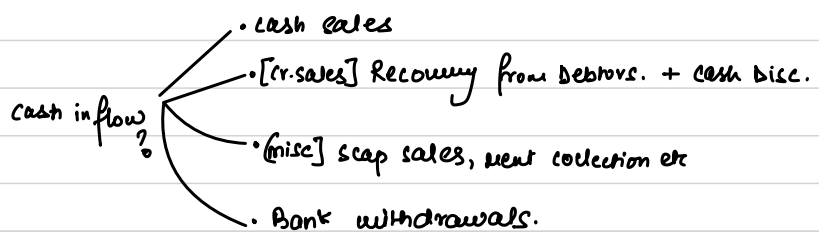
↓
"Representation letter" from appointing authorities.

• In absence, won't be able to explain figures in court.

Benefit? Helps in correlating facts & events while drafting report.



Audit Procedures:



B. Cash Payments

- Exp. {
- Invoice → double payment or false invoice
 - Personal Exp.

wages { wage sheet → x Total → Excess amt misappropriated.

customer { false credit to customer A/c → for refund. → withdraw

Audit procedures

① Cash payments

② Balance cheque

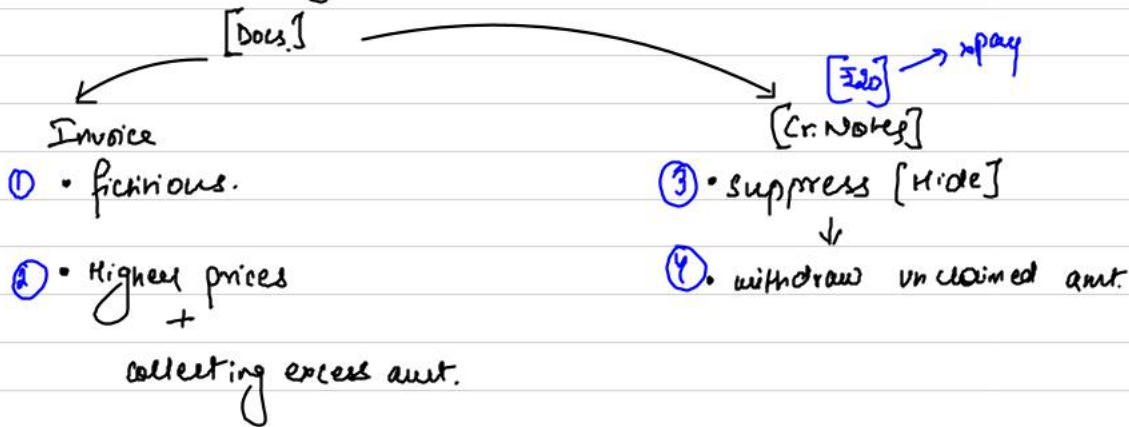
• Evidence

• Receipts [Erased / Altered]
↳ confirm.

[false] ③ order / receipt of goods.

[wages] ④ Records of wages.

4. Supplier's Ledger



Verify!

• I.C system

↓
• purchase journal

Goods inward

Invoices.

• Supplier [confirmation] statement of A/c

↓
Allowances / Rebates

Correctly adjusted.

Inventory fraud

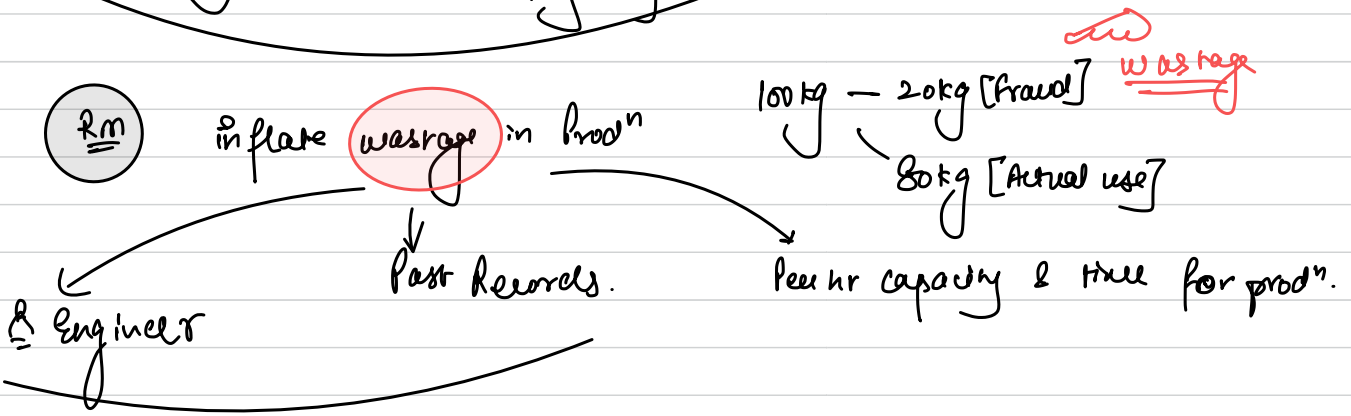
Kaise hua?

• Chori → Book Adjust → write off.

fake kaise?

• Collusion {
 ↳ Receipt
 ↳ Storage
 ↳ Dispatch.

• Inventory items + Qty {
 ↳ Books -
 ↳ Physically -



Types

1. Remove goods from premises.
- ↓
2. Manipulate inventory records.
- ↓
3. write off as damaged goods.

Verification procedures:

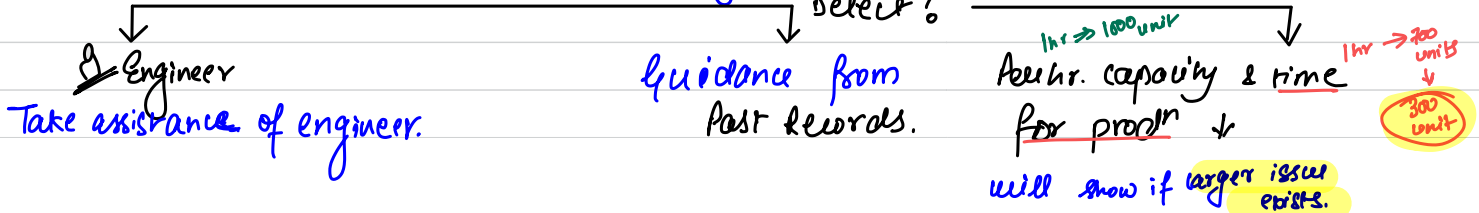
F. Gs How? Through collusion of employees.

• Entire system of Receipts, Storage & Dispatch is reviewed.

what to do?

Establish inventory items defalcated & Quantities by checking physically with inventory book.

R.M. Intro: mgt defalcated raw material by inflating wastage in production.



Indicators of fraud

- Discrepancy in A/c Records.

