

### 4.3 FORENSIC ACCOUNTING & AUDITING

<b>Semester:IV</b>	<b>Batch :2020-2021</b>
<b>Course Code: 4.3</b>	<b>Hardcore</b>
<b>Internal Marks:30</b>	<b>External Marks:70</b>
<b>Weekly Hours:4 (Theory and Practical)</b>	<b>Credit: 4</b>

#### Course Objectives:

On successful completion of the course, the Students will be to identify, analyse and interpret indicators of financially fraudulent activity and to explain investigative processes and the nature and range of investigative techniques, and identify situations for their application.

#### Course Outcomes:

1. To get knowledge about legal norms and their implementation in case of various frauds.
2. To be familiar with techniques of detecting frauds at different levels.
3. To know about procedures of assessment, specific case issues.
4. To get familiarity with audit procedures.
5. To get familiar with important procedures of audit and investigations.

#### Module 1

**14 hours**

##### Forensic Accounting

Forensic Accounting: Meaning, Concept, Role of the professional forensic accountant, Requirements of professional forensic accountant, Responsibilities of accounting investigators and auditors. Fraud – Introduction, Types of fraud, Reasons of fraud, Fraud cycle, Bank Fraud, Corporate Fraud, Insurance Fraud, CyberFrauds, Securities Fraud, Consumer Frauds, Traits & behaviours of fraudsters, Targets of fraudsters, case studies.

#### Module 2

**10 hours**

##### Fraud Detection Techniques

Fraud detection techniques, Effective information gathering methods, Fraud risk factors, Professional analytical procedures and techniques.

Financial statement fraud – Meaning, Introduction, revenue recognition detection, ratio analysis, horizontal analysis, vertical analysis, cash flow analysis, case studies.

#### Module 3

**12 hours**

##### Fraud Risk Assessment

Profiling Fraudsters, Organisational profiling methods, Risk analysis & assessment, variety of risk assessment factors, best practices. Fraud risk prevention – meaning, importance, combatting actual instances of fraud, case studies

#### Module 4

**10 hours**

## Forensic Audit

Meaning and Significance – Meaning of Audit – Audit: An Adhering Significance – Stages of Audit – Meaning of Forensic Audit – Significance of Forensic Audit – Key Benefits of Forensic Audit – Need and Objectives: Forensic Audit – Fraud and Forensic Audit: An Introspect – Forensic Audit vis-à-vis Audit.

## Module 5

10 hours

### Audit and Investigations

Tools for handling Forensic Audit – Forensic Audit Thinking (Thinking Forensically) – Forensic Audit Procedures – Appropriate Use of Technology - Investigation Mechanism - Types of Investigations - Methods of Investigations: Computer Assisted Auditing Techniques (CAATs) and tools (CAATT) Generalized Audit Software (GAS), Common Software Tools (CST). Finding Facts and Conducting Investigations - Red Flags - Green Flags.

### Books for References:

1. Ibrahim Kabir (2016), Forensic Audit, Forensic Tools and Techniques for Internal Auditors.
2. Pickett K H , The Internal Auditing Handbook, 3rd Edition, John Wiley and Sons, Inc.
3. Shah Bhavesh , Basics about Forensic Accounting and Auditing, The LinkedIn
4. Study on Forensic Accounting and Fraud Prevention, ICAI , NEW Delhi
5. George A. Manning, Financial Investigation and Forensic Accounting, 3rd Edition, CRC Press.
6. Gupta and Gupta (2015), Corporates Frauds in India – Perceptions and Emerging Issues, Journal of Financial Crime, 22(1): 79 -103.
7. ICSI Study Material on Forensic Audit.
8. Forensic Accounting and Fraud Examination by William Hopwood, Jay Leiner and George Young, McGraw-Hill Companies, Inc.
9. Forensic Accounting for Dummies, Frimette Kass-Shraibman and Vijay Sampath,Wiley Publishers 5. A Guide to Forensic Accounting Investigation, Thomas Golden, Steven Skalak and Mona Clayton, Wiley Publishers
10. Forensic Accounting and Fraud Examination, Mary-Jo Kranacher, Richard Riley and Joseph Wells, Wiley Publishers
11. Bologana and Robert , Fraud Auditing and Forensic Accounting: New Tools and techniques, 2nd Edition.
12. Gangully Jagdish (2015), Lecture Notes on Forensic Accounting Investigations, Acc 551 at SUNY Albany.
13. Silverstone and Pedneault, Forensic Accounting and Fraud Investigation for Non-Experts, 3rd Edition, ISBN-13: 978-0470879597.