

SECTION – C

Answer any two questions out of four. Each question carries twelve marks. (2×12=24)

8. What do you mean by Forensic Audit ? Discuss its need and significance in detail.
9. Discuss the role of Company Secretaries in Forensic Audit.
10. Write down the similarities and differences between audit and forensic audit.
11. Briefly explain the different types of fraud detection techniques.

SECTION – D

Answer the following question :

(1×12=12)

12. Six months ago, ABC Ltd. shut down one of its four factories as a result of deteriorating market conditions. All staff at the factory were declared redundant on the date of closure.

While monitoring the monthly management accounts, Akshaya, the internal auditor performed analytical procedures on salary expenses and established that the monthly total payroll expenses had reduced 3% in the months following the closure of the factory. This was lower than the expected reduction given that 25% of the total staff of the company had been declared redundant.

In the initial investigations the internal auditor revealed that many of the employees who had been declared redundant had actually remained on the payroll records and salary payments in respect of these individuals were still being made every month. All the payments were being credited into the same bank account.

As soon as the internal auditor realised that there was a possibility of fraud, he informed the managing director who immediately stopped any further payments in respect of the redundant employees. ABC Ltd. has contacted your audit firm to conduct an investigation.

You are further informed that the senior accountant has been absent from work and has not been traced since the commencement of the initial investigations. It is believed that he might have been involved in the suspected fraud.

ABC Ltd. are not audit clients of your firm of auditors. They have enquired whether your firm could provide a forensic investigation.

Required :

- a) Describe three objectives of a forensic investigation.
 - b) Using examples of procedures that could be used to gather evidence, explain the steps you would follow in undertaking the forensic investigation.
-