

IV Semester M.Com. Degree Examination, November 2023
(CBCS Scheme) (2021 – 22)
COMMERCE

Paper – 4.2 : Forensic Accounting and Auditing

Time : 3 Hours

Max. Marks : 70

SECTION – A



1. Answer any seven questions out of ten. Each question carries two marks.

(7×2=14)

- a) What is Green flag ? What is relevance in fraud investigation ?
- b) Define Forensic Audit.
- c) What is ethical hacking ?
- d) Name any four merits of Forensic Accounting.
- e) What is Horizontal analysis ?
- f) Give the meaning of White collar crimes.
- g) Mention the uses of Benford Law in Fraud investigation.
- h) What is Fraud Triangle ?
 - i) Name the most vital skills to be possessed by Forensic Accountant.
 - j) Give any four examples of types of financial frauds.

SECTION – B

Answer any four questions out of six. Each question carries five marks. (4×5=20)

2. Write a note on the Fraud pentagon and its relevance.
3. Differentiate between Traditional Audit and Forensic Audit.



4. Explain in brief about the benefits of Fraud Risk Assessment.
5. Discuss in brief on the CAATT and its impact on the Forensic fraud analysis.
6. What are the types of investigation ?
7. Write a note on "Thinking Forensically".

SECTION – C

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

8. Does a developing country like India has relevance of Forensic accounting and auditing in the current economic scenario ?
9. Explain the Forensic Audit procedure in detail and its relevance in Investigation process.
10. What is the role of GAS in obtain the evidence required for the fraud investigations ?
11. What is red flag ? What are the significance of identifying the Red flags in the prevention of Financial frauds ?

SECTION – D

12. **Compulsory case study question.** (1×12=12)

India Ravels Corporation Ltd. has been involved in an accounting scandal fraud that saw the overstatement of company's profit by over 156 billion Indian rupees between the period 2017 – 2019. The Securities Exchange Board of India had investigated the scandal and investigated the report.

In the similar vein, Forensic audit of the company was commissioned and an interim report was issued.

Major contents of the Interim report are listed as below :

- The results of the report show that all the three common types of fraud were present in the cases.

- India Ravels Corporation Ltd. the financial statements were overstated by over 156 billion Indian rupees. Although the extent of the exact overstatement/ understatement cannot be readily ascertained, yet the duplication of payments, reclassification of expenses, questionable write-offs and overstatement of expenses ensured that the financial statements of the company were manipulated. India Ravels Corporation Ltd's management had an offshore account completely omitted from the books of accounts of company that was used to top up the salaries of the executive directors. Approval of the remuneration committee of the board was not obtained to make such payments to the directors. This was a clear case of asset misappropriation and conflict of interest.
- For the organization, the external auditors did not raise a whimper.
- Indeed, in this case of fraud, members of the public, employees of the organization and the investing public were at the receiving end.
- Costly litigation has also resulted for the organization.

Based on the above facts, answer the following.

- a) If you have to conduct a Forensic Audit, then what investigation mechanism you would follow to detect the real culprits behind this corporate fraud ?
- b) In the above case it is mentioned that the three kinds of fraud has happened in the organization in the light of this statement, describe the kinds of fraud and what would have been the probable three kinds of fraud in the present case. Support your answers with the reasons and rationale.
- c) Once the culprit is identified, what should have been the penalty and punishment for culprits as per the Indian laws ? Describe in brief.
