

# Forensic Audit Report

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**Thane : FAFD Batch**

## **Audit Report**

### **We are used to make Audit Report**

- 1.The Companies Act : Audit Report : Latest Change (Guidance note on Reporting on Fraud u/s 143(12) of Companies Act 2013 + Format of Financials changed
- 2.Tax Audit Report : Last year Change
- 3.Salex Tax Audit Report : State wise format
- 4.Annual Performance Report : RBI

#### **Similarity : -**

1. Guidelines
2. Ceiling
3. Standard Format
4. Reporting to pre decided with time line : APR /TAR/Company Audit
5. Governing Body
6. Concept of materiality

Before we go ahead : Lets Recap earlier session and link them

Just  
summary

### Day -1 Session -3 : Characteristics of Forensic Auditors

1. Suspicion : Bloodhounds not watchdog.
2. Curiosity : to know more and in details : beyond certificate/ documents
3. Observation : remember unusual things & co-relate : manner- posture
4. Memory : to remember past facts
5. Human nature : behavioral finance / psychology
6. Unbiased : Most important- impurity- wheel of ignorance –distraction (3 important words)



Unbiased



Curiosity



Observe



Suspicion

**Before we go ahead : Let's Recap earlier session and link them**

Just  
summary

**Tools of Forensic Auditing :**

- 1. Benford's Law**
- 2. RSF (Relative Size Factor)**
- 3. CAAT**
- 4. Data mining techniques**
- 5. Big Data**
- 6. Ratio Analysis**

**Interview Techniques: -**

**Tone / Eyes / Legs / Words / emotional distress**

**Electronic Record: -**

**1. Sec 4 of Information Technology Act 2008- legal recognition of Electronic record:**

**Mahindra Sharma Vs state**

**2. Email as evidence : Mr. P R Transport Agency**

**3. Computer Print out Admissible**

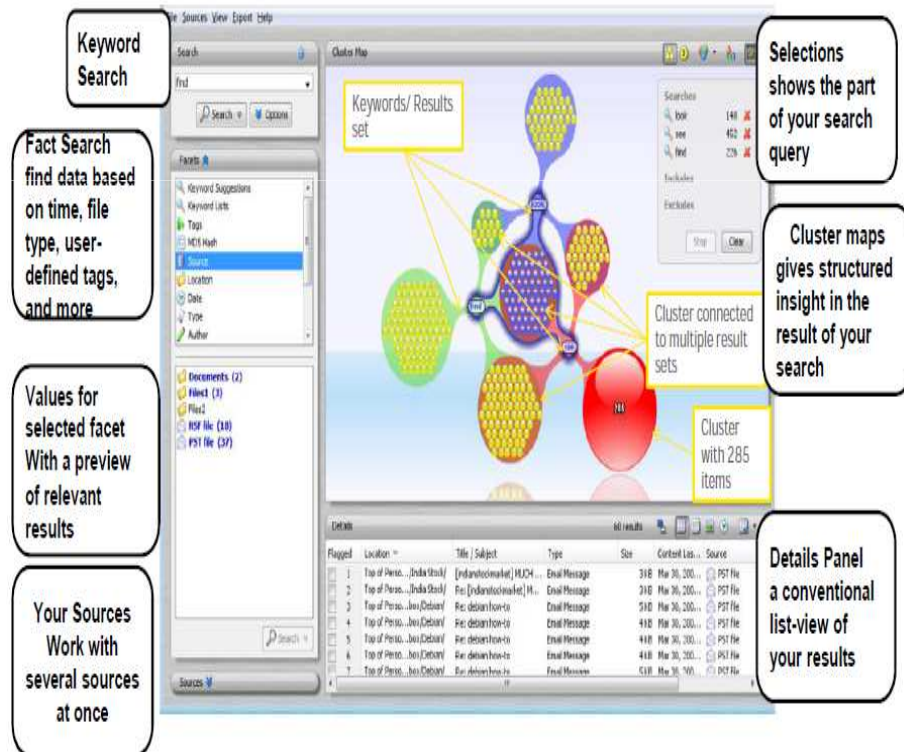
**4. IP Address as Evidence**

**5. Call data record as evidence**

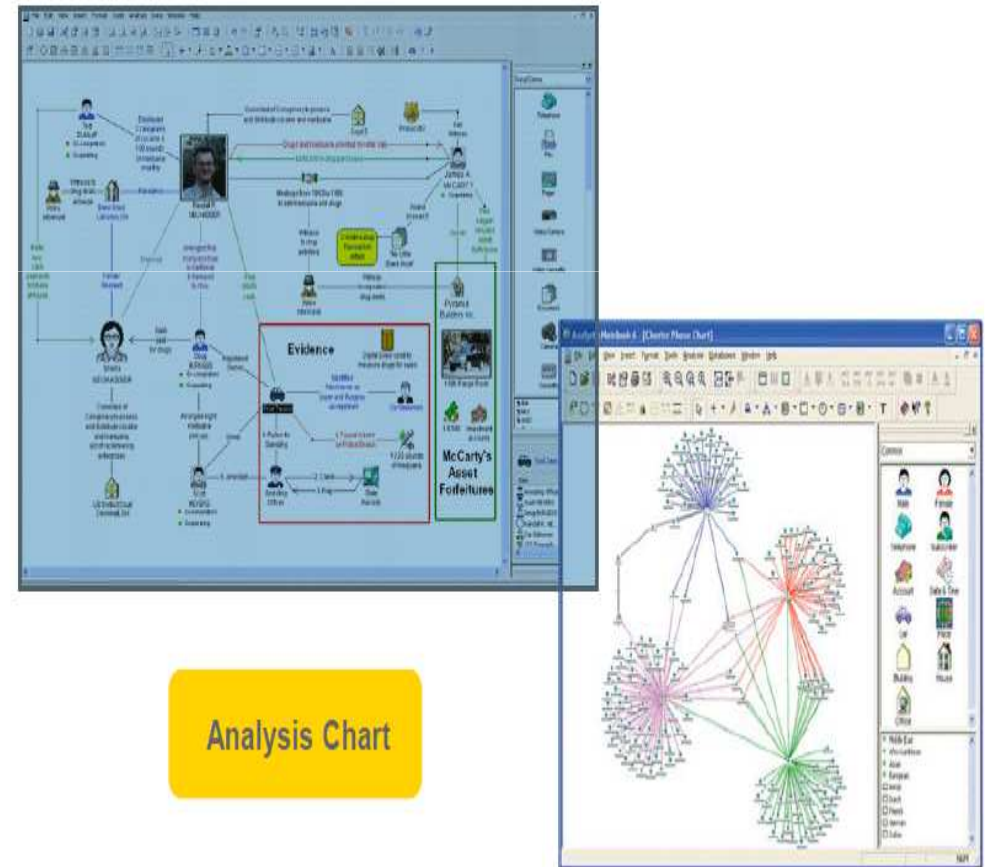
**6. Social Profiling : Face book, instagram , LinkedIn etc**

# Used in many cases to Prove link Between Suspects

## Advanced Email Analytics



## Relationship analysis





## Latest Case : Please Refer Fraud Prevention Session : World on net

**MIRAKLE INITIATIVE LTD - FRAUD AND NOT GIVEN SALARY TO 200 EMPLOYEES SINCE LAST 5 MONTHS**

★ ★ ★ ★ ★ 1 Review

rajat@38 on Apr 13, 2015

Respected Sir/Madam, This to bring in your kind knowledge that M/s MIRAKLE INITIATIVES LTD.( CIN:U74900MH2014PLC259891) has no proper funding and has not paid salaries/dues to 119 on roll employees since Dec.2014. They do not have any office at their registered address of Kalyan (Thane).They are playing with career and lives of 119 employees & doing suspicious activities. Details of all Directors /Investors are as follows, DIN/PIN NAMES DESIGNATION DATE 03095719 AUMESH SRINIVAS NAYAK DIRECTOR 2/12/2014 06926343 ANAND VENKATESAN IYER MANAGING DIRECTOR 2/12/2014 06959601 MOHD.YUSUF MOHIDDIN SHAH DIRECTOR 2/12/2014 AAGPI4418L ANAND VENKATESAN IYER CEO 2/12/2014 Registered Address:- MIRAKLE INITIATIVES LIMITED, 304, BUILDING NO.4, SARVODAY GARDEN, VALIPEER ROAD, NEAR BHANUSAGAR TALKIES, KALYAN D.C., MUMBAI THANE, 421301, MAHARASHTRA. • NOT PAID SALARIES SINCE DEC.2014. • NOT DEPOSITED EVEN SINGLE RUPEE IN EMPLOYEE PF ACCOUNT. • NOT EVEN HAVING ANY PF ACCOUNT OF COMPANY. • NONE OF THE EMPLOYEES ARE COVERED UNDER ANY MEDICAL FACILITES.LIKE ESI OR ANY HEALTH INSURANCE. • NOT HAVING ANY CAPITAL OR FUNDS TO PAY VENDORS/EMPLOYEES DUES/OFFICE RENT (VASHI OFFICE)/OTHER EXPENSES. • ALL COMPANY BANK ACCOUNTS ARE HAVING ZERO AMOUNT AS BALANCE, MEANS NO WORKING CAPITAL. • EMPLOYEES WHO LEFT ARE GIVEN BOCUS /FRAUD CHEQUES. • ALL CHEQUIS GIVEN TO VENDORS/EMPLOYEES ARE BOUNCING. • NONE OF THE EMPLOYEE GOT SALARY OF ONE COMPLETE MONTH TILL DATE. • DO NOT HAVE ANY OFFICE AT ABOVE MENTION REGISTERED OFFICE ADDRESS. Request you to investigate & and HELP ALL EMPLOYEES & SAVE THEIR LIVES. Thanks & Regards, Yogesh Sharma M:-9223381330

0 Comments

Resolve this Complaint

Tweet 0 +1 0 Like 0

## **Knowledge base : -**

### **Legal case: -**

1. [www.lawyersclubindia.com](http://www.lawyersclubindia.com)
2. [www.indiakanoon.org](http://www.indiakanoon.org)
3. [www.legal360.in](http://www.legal360.in)
4. [www.legalpandit.com](http://www.legalpandit.com)

### **International :**

1. CFE website
2. AICPA : American institute of Certified Public Accountants
3. IIA : The Institute of Internal Auditors

### **Research Paper:**

1. International Journal of Applied Engineering Research
2. Midas Touch International Journal of Commerce, Management and Technology
3. The 5th International Conference on Financial Criminology (ICFC)

## **Articles:**

### **ICAI Magazine : -**

1. April 2007- Preventing Financial Fraud
2. Feb 2010- Forensic Accounting Process & Scope
3. Nov 2014: 5 Articles
4. Oct 2014 : Forensic Accounting
5. Jan – 2007: Forensic Accounting : New Paradigm

## **Other Sources Material**

### **Books :**

1. Fraud 101- Stephen Pednealut
2. Occupational Fraud : Mayur Joshi
3. Novel & Conventional Methods in Audit, Investigation & Fraud detection- 2nd edition (August 2012)

## Now Amazing Report of World :: Forensic Audit Report

### Features of it :

1. Aims at legal determination of **whether fraud** has **actually occurred**, in the process.
2. It also aims at naming the person(s) involved with a view to take legal action
3. 100% coverage ..... **Here opinion is not formed**
4. The focus of concentration is on **crimes and anomalies** as well as their **detection** and **unraveling**. This includes any indications of fraud presented by errors and deviations, since the main objective is **to gather evidence for litigation purposes**. The forensic accountant's scope of responsibility is broader because it includes public interests



**Who can do it :**

Any person having knowledge of Forensic

**Normally :**

FAFD – ICAI

CFAP

CFE – ACFE

There is no guideline from EOW on it but they ask FAFD Certificate.

**Governing Body in India** : No Governing Body in India  
that reason no Standard Format of Reporting Exist

**Any Ceiling limit:** like Income Tax Act 1961 / Companies Act 2013- No Limit

**Confidential** : only client or Court ::: can be counter challenge

Tax Audit Report / Company Audit Report: Available

**Current Status :** 90% Work done by Big 4 , reason is team size and equipment



CA. 'Chetan Dalal : Legend in this field

CA. Anand P Jangind

**We Can make difference :: matter how we proceed !!!**

## Recent Opportunities



### SBI - Notification

Limit of 100 Cr and metro city office has been removed

**Be Caution ::**

CMA also allowed to do it.

**State Bank of India**  
SME Department, Local Head Office, Synergy, 4th Floor,  
C-6, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051

**REQUEST FOR PROPOSAL FOR  
EMPANELMENT OF FORENSIC AUDITOR**

State Bank of India, Local Head Office, Mumbai invites applications in the prescribed format from the Firms/Companies who are conducting forensic audit and willing to have their firm/company empanelled for carrying out Forensic Audit of borrowal account of the Bank's Mumbai Circle.

The format along with the details regarding eligibility criteria and other terms and conditions can be obtained from Bank's website [www.sbi.co.in](http://www.sbi.co.in) under "Procurement News".

The duly filled in application form in sealed cover superscribed as '**Application for empanelment of Forensic Audit**' should reach this office on or before **7th April 2015** by 5:00 PM at the above address.

**Dy. General Manager (SME)**

**Format :** No standard Format of reporting.

**Legal language :** Each word and line is important :

**Case** of geometry software company pune in India.

IPR -

Court Proceedings took long time: 3years +

At last proof::

Criminal :

It is not easy to write Forensic Audit Report, when **each word has its legal implications**. The selection / choice of each word for each specific areas of the Report is crucial and needs extreme professional care and caution. It depends upon the expertise and drafting skill of the Auditor. Years of experience, legal bent of mind and total control over language in English will help the Auditor to carefully draft the report.

**Litigation Support Service : is best**

**For Example ::**

Difference between : **Annexed Vs Attached / Exhibits**

Auditor has to take responsibility of the usage of word “**Annexed**” in the Main Report. It implies that any statement annexed along with **Main Report is a part and parcel of the Main report**

Auditor **may not take responsibilities** of the **Exhibit**, which is attached with the Main report. It may be the additional source of evidence and gives strength to the observations made in the Main Report

One should know that his Report might axed somebody’s job or might be instrumental to **put accused behind the bars.**

The Report might be challenged in the Court and as a **consequence legal implications may not be avoided**

## Do's & Don'ts

**Usage Restriction Clause, Liability Exclusion Clause** can be intelligently incorporated in the specific areas of the Covering Letter / Report

### **Confession Statement**

*“Notwithstanding the confessional statement made by the perpetrator (mention the name) and in no way limiting our investigating procedures by the contents of such confession and in accordance with the directions given in the appointment letter, we have carried out detailed investigation to unearth the fraudulent transactions and total quantum involved in the same*

**Do not try to be extravagant in reporting** something where sufficient evidences have not been obtained to support your observations /remarks – **leave some hint for further investigation..... Cases**

**Give Report only to the Appointing Authority** and any other authorized positions mentioned in the terms of appointment. Keeping in mind that this report is subject to audit and can be used by the person or group persons to whom the charge is made



## Do's & Don'ts.....

Do not use the **Client's computers to write the report**. If used then, delete the file after completion. Get adequate back up in any format suitable to you. It is better to use own laptop provided by your organization for writing report.

Do not save in the hard disk of the client's computer. If saved, delete file after taking printouts and make sure that the same is not retrieval : **Note- Data can retrieve even from damage hard disk**

Don't work on **client data**, make sure proper image of data / back up has taken. Means complete transaction can be repeated if required

## Content of Forensic Audit Report : **Note - No set format**

**1.Covering letter** : **Usages Restriction clause** can be mentioned here according to the situation demands and to avoid further legal complications. See the example mentioned above. Brief Outlining the highlighted points of Report annexed

**Use:** Index if report is long.

### Contents

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## Use : Acronyms & Abbreviations

AIE	Authorisation to Incur Expenditure
ALRMP	Arid Lands Resource Management Project
ALRMP II	Arid Lands Resource Management Project – Phase II
ATM	Automatic Teller Machine
CBI	Confidential Business Information
CDC	Community Development Committee
CDD	Community Driven Development
CDF	Constitutional Development Fund
DCA	Development Credit Agreement
DMI	Drought Management Initiative
DMO	Drought Management Officer
DSG	District Steering Group
FDRP	Emergency Drought Recovery Project

## 2. Main Report

**a) Introduction / Background :** Brief fact of cases, name of both parties, business or work.

Why Forensic Audit required.

**b) Outlining the Terms of Reference of Appointment Letter - Redraft the Terms of Reference**

if the Scope of work has been enlarged / reduced in the course of Investigation

**c) Methodology of Reporting / Reporting Pattern :**

\* Areas Covered – Extent of checking : **Bone of discontent :**

\* Period covered. **Depends ...not fixed....**

- \* Specific functions areas covered

- \* % Of total records checked

- \* Bedford's Law

- RSF (Relative Size Factor) = largest / 2<sup>nd</sup> largest

- \* Use of software : ACL /Idea/ encase

- \* Forensic Duplicator : offer hard drive imaging with **no compromises**. In addition to being fast and reliable, our duplicators are easy to use

Different models : like TD2u, TD3 , TD2

- \* Disk Imaging



**d) Auditing Techniques Adopted in the Investigation :: Carefully narrate this area –** do not elaborate much. If forensic auditing techniques had not been adopted then mention it also.

This will be an example of the Liability Exclusion Clause. Mention **apart from general** audit techniques, what **other specific audit techniques** had been adopted.

Mention the positions with whom you have carried out **the discussions and other interviewing.**

**Some Times:** Hello Mr. X, I am CA. XXXXXX. Mr. Y approached me to see how things can be amicably settled between Y and Z. **SMS /mail need to quote.**

**Skills of Interview is very important. Let's have video on this.**

If any interrogation had been carried out then mention it in suitable context. Mention the **Confession documents** if any. Also mention that it is not way limiting your scope of work and extent of checking.

**Make your case strong :**

Don't mention the source of acquiring evidences, till its compulsory to do it.

Grape wine is source of information but **no conclusive evidence**

Try to have public and authentic data

**Source: -**

- 1.MCA
2. Income Tax papers
3. Registrar office documents
- 4.Labortary report
- 5.Expert Advice : Clinic Report : age of documents / Hand Writing

**Sherlock Holmes** : most famous forensic Chemist

Think ahead of 2<sup>nd</sup> Party / 3<sup>rd</sup> Party.

**Very Important:** Cross Question can be on your report



**e) Books and records / documents reviewed / examined :**

Basis of reporting. Narrate with reference to manual and computerized records.

External documents / evidences , if any : **3<sup>rd</sup> Party : Bank statements etc**

**f) Detailed Observations in each area of work under following heads:**

**i) Modus Operandi of Fraud : Common Term**

**(Try to co relate with other Modus Operandi) : Here data bank help. It develop after many years of Experience in this field**

Try to highlight the approximate starting time of fraudulent activities.

Please specify : Period of fraudulent activities

**II) Nature of Fraud**

Narrate the internal as well as external collusion if any

**Bank Fraud :**

Dena Bank(*Malabar hill* branch) - Rs. 256 Cr approx

OBC - Rs. 180 Cr approx

### III) Quantum Involved

Observations should be supported with Annexure and Other Evidences as Exhibits ::: **No guess and un quantified Amount**

Bank Account	Transfers In	Transfers Out
BOA 201 – Special Revenues	\$1,183,992.19	\$53,047,664.13
BOA 203 – Title I	\$1,385,706.48	\$49,287,326.74
BOA 410 -	\$ 0.00	\$87, 278.80
BOA 421- Capital Outlay SPLOST III	\$8,831,714.73	\$26.00
BOA 607	\$0.00	\$ 1,156.00
BOA 621	\$0.00	\$113,885.12
BOA 622- Food Services	\$ 3,739,347.57	\$37,040,912.79
BOA 627 – Warehouse Service	\$ 37,216.79	\$0.00
BOA 702- Employee Alternative Benefits	\$238,749.83	\$7,664,486.47
BOA 726 -	\$0.00	\$300,000.00
BOA Market Investment	\$283,182,470.80	\$315,361,125.00
BOA Voucher Acct.	\$ 3,717.61	\$0.00
Concentration Account	\$ 5,327.59	\$572,087,054.40
<b>Total</b>	<b>\$298,608,243.59</b>	<b>\$1,034,990,915.45</b>

## Just Example :

INT FINDINGS: SUSPECTED FRAUDULENT EXPENDITURES								
KSH 000s								
	Q	#	SFE	#	Total Q + SFE	#	FMR Expenditure	
Garissa	11,662	220	33,190	230	44,852	450	67,846	66%
Isiolo	14,962	94	23,852	99	38,814	193	61,204	63%
Kajiado	1,468	31	5,768	50	7,236	81	22,021	33%
Nyeri	3,170	45	12,574	54	15,744	99	13,912	113%
Samburu	9,431	114	17,310	81	26,741	195	52,311	51%
Tana River	4,744	39	16,354	71	21,098	110	40,055	53%
Wajir	9,437	123	59,358	187	68,795	310	89,403	77%
Headquarters	19,289	64	17,680	39	36,969	103	84,784	44%
Payroll	2,863		-		2,863	-	223,577	1%
<b>FY07/08</b>	<b>77,026</b>	<b>730</b>	<b>186,086</b>	<b>811</b>	<b>263,112</b>	<b>1,541</b>	<b>655,113</b>	<b>40%</b>
Garissa	4,498	124	27,432	147	31,930	271	55,848	57%
Isiolo	10,108	122	39,091	218	49,199	340	57,313	86%
Kajiado	9,307	40	9,421	86	18,728	126	21,299	88%
Nyeri	1,310	43	7,100	39	8,410	82	20,459	41%
Samburu	15,520	176	27,362	95	42,882	271	50,551	85%
Tana River	7,792	56	8,643	40	16,435	96	44,681	37%
Wajir	11,428	180	39,150	240	50,578	420	69,451	73%
Headquarters	15,788	69	17,424	41	33,212	110	77,239	43%
Payroll	-		-		-	-	176,769	0%
<b>FY06/07</b>	<b>75,751</b>	<b>810</b>	<b>175,623</b>	<b>906</b>	<b>251,374</b>	<b>1,716</b>	<b>573,610</b>	<b>44%</b>
<b>TOTAL FY07 &amp; FY08</b>	<b>152,777</b>	<b>1,540</b>	<b>361,709</b>	<b>1,717</b>	<b>514,486</b>	<b>3,257</b>	<b>1,228,723</b>	<b>42%</b>



**g) Responsibility Fixation :Direct Beneficiary and Indirect Beneficiary**

Try to highlight the persons who have the direct and indirect involvement in the scheme of manipulation / fraud. **Carefully draft this area.**

**Choice of word is crucial and has a legal impact**

**(Image defamation case : u/s 499 of The Indian Penal Code)**

**Accused is not Culprit till the time is prove. Having allegation / Charges is different**

**No of Cases running in Court. Its court power to decide.**

Consult with Appointing Authority and Legal Counselor. The Legal Counselor may use the report in the court

If you data like this : your case will be strong

#### ECONOMIC OFFENDERS INVOLVED IN ONE CASE.

Sl. No.	Name of Eco Offender	Parent	Address	FIR details	Section of EOW
1.	SATNAM SINGH	SHEETAL SINGH SURI	E-54, NEW VIJAY NAGAR, SEC-9, GHAZIABAD, UP	770/95 Con. Place	IPR
2.	Amit Kumar	Ramesh Chand	Q-1, Street No. 19, Braham Puri, Main Road, Sahadara, Delhi	927/98 PS Con. Place	IPR
3.	Sushil Kr. Nagpal	R. B. Nagpal	WZ-143, New Mahavir Nagar, Delhi	398/99 PS Con. Place	IPR
4.	Jitender Gulati	Prem Gulati	H.No.-7, Hans Appt., East Arjun Nagar, Delhi	442/00 PS Darya Gani	IPR

#### OFFENDERS IN INVOLVED TWO CASES

Sl. No.	Name of Eco Offender	Parent	Address	FIR details	Section of EOW
1.	H.L. SOIN		212 RAJ PUR ROAD, DEHRADUN	495/95 PS Kalkaji, 420/95 PS Chitranjan Park	LBR
2.	DEEPAK BHARADWAJ	P.S. BHARADWAJ	B-5, GITANJALI, NEW DELHI	526/98 PS Vasant Kunj, 252/98 PS R.K. Puram	LBR
3.	Bharat Bhushan Nagpal	R.B. Nagpal	H. No.-138, Lajpat Nagar, N Delhi.	321/99 PS Con. Place & 679/98 PS Con. Place	IPR
4.	SANGEETA KALRA	HARBANS LAL KALRA	A-218, SAROJINI NAGAR, DELHI	450/00 PS Hauz Khas & 132/97 PS Hauz Khas	LBR
5.	SUDHIR KALRA	HARBANS LAL KALRA	A-218, SAROJINI NAGAR, NEW DELHI	450/00 PS Hauz Khas & 132/97 PS Hauz Khas	LBR
6.	RANJAN MEHTA	H.L. MEHTA	GG-II/71-C, VIKASPURI, NEW DELHI	321/99 PS Con. Place & 679/98 PS Con. Place	LBR
7.	P.K. PERUMAL	LATE SH. SUBEDAR BAHADUR KALIA	PLOT NO. 8, GENERAL VAID COLONY, BIRGAR CAMP, AHMED NAGAR, CHENNAI	119/00 PS Kalkaji & 851/98 PS Kalkaji	LBR
8.	P. MAHENDRAN	P.K. PERUMAL	H.NO. 18 CANARA BANK COLONY, GANDHI NAGAR, CHENNAI	119/00 PS Kalkaji & 851/98 PS Kalkaji	LBR
9.	P. DINAKARAN	P.K. PERUMAL	B-46, ARCOT TERRACE, VEDAPALANI, CHENNAI	119/00 PS Kalkaji & 851/98 PS Kalkaji	LBR

#### **h) Determination of Total Quantum of Fraud and The Amount/ Further Amount to be recovered from the Perpetrator**

\* Summation of quantum of fraud for each area. Deduct the amount already recovered from the total quantum of fraud.

- Mention the mode of recovery if already made

- **Most important:: Add your Fee**

Mr. X should be asked to return Rs. XXXXXXX/- (Rupees XXXXX Only) + Interest loss @ 24% on Rs. XXXX plus Rs. XXXXXX- for the cost this Forensic Report **totaling to Rs. 1XXXXXXX/-** plus taxes as applicable on or before 20<sup>th</sup> May, 2015 to Mr. Y and additional interest and penalty for any delay in payments at 24% per annum

#### **i) Suggestions - Possible Steps / Legal Steps to be taken by the Appointing Authority.**

Do not suggest the Management to initiate criminal proceeding / sack / transfer of the persons involved in fraud. This is the duty of the appointing authority.



## **Example : :**

### **Action Plan for XXXXXXXXXXXXX**

In case of failure, the copy of this report may also be submitted to the following authorities:

- File a copy of complaint along with my report to Dy. Director, Serious Fraud Investigation Officer, 2<sup>nd</sup> Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi – 110003.
- File a Copy of Complaint with my Report with Jt. Commissioner of Police, Thane City, Commissioner Office, Opp. Talaw, Thane
- Other Authorities.. List can be long depending on case to case and area

## Draft Report : Covering letter

November 8, 2012

Dr. Cheryl Atkinson



District  
al Boulevard  
083

Dear Dr. Atkinson:

We have completed our forensic accounting and investigative services for DeKalb County School District (DCSD or District) as outlined in the May 15, 2012 Engagement Agreement. This report to you represents our final report with respect to our services.

The data included in this report was obtained from DCSD on or before November 8, 2012. We have no obligation to update our report or to revise the information contained therein to reflect events and transactions occurring subsequent to November 8, 2012.

This report is solely for your information and is not to be referred to in communications with or distributed for any other purpose to anyone who is not a member of management or the DeKalb County Board of Education.

Please contact Phil Ostwalt at 404-222-3327 or Sarah Jacobs at 404-222-7209 if you have any questions or comments. We look forward to working with you in the future.

## Limitations

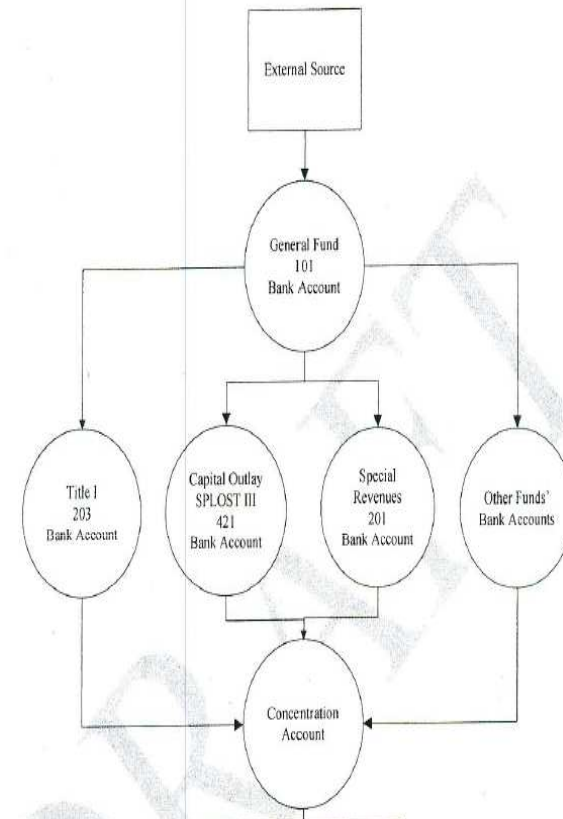
### Point from list

Our engagement was performed under the Statements on Standards for issued by the American Institute of Certified Public Accountants. We did not, conduct an examination, the objective of which would be the expression on compliance. Accordingly, we do not express such an opinion. Had we procedures, other matters might have come to our attention that would have you.

The sufficiency of the procedures conducted by KMPG in connection with solely the responsibility DeKalb County School District. Consequently representations regarding the sufficiency of these procedures either for the purpose were engaged or for any other purpose.

The findings set forth herein were prepared by us on the basis that we were information from DeKalb County School District concerning the above referenced information included herein was obtained primarily from DeKalb County School District.

Diagram of KMPG's understanding of how cash is intended to move between the various accounts:



**Diagram helps : some time to explain your point**

### Background

The DCSD policy<sup>11</sup> requires both capital and non-capital purchases and contracts equal to or greater than \$50,000 be approved by the DeKalb County Board of Education. The amount was raised to \$100,000 in February 2012.

### Procedures

██████ requested a listing of all purchase orders created in FY10 and FY11, as well as a listing of all requisitions and invoices for the same time period. ██████ created a database of all the purchase orders, invoices, and requisitions. For purposes of the analysis we removed blanket purchase and purchase orders below \$50,000. ██████ analyzed the data to identify records with an invoice date prior to the purchase order date. This population of records indicates an invoice for goods and/or services was received prior to a purchase order being submitted or approved. ██████ was told that for certain categories of invoices (e.g. legal fees, lease payments, ext.) it was standard to create the purchase order after the invoice was received. Additionally ██████ was told that for services which require a contract (e.g., SPLOST III capital improvement) it was customary to create a purchase order after the invoice is received. ██████ worked with the District to identify the vendors who are subject to the above exceptions and remove them from the population of purchase orders created after the invoice date. From the remaining population of purchase orders, ██████ selected a sample of 15 records to test for whether or not appropriate approvals were obtained prior to issuance of the purchase order.

### Observations

1. ██████ identified 676 records in which the invoice amount was equal to or greater than \$50,000 and the invoice date preceded the purchase order date. The 676 records have a total value of \$208,186,993.41.

Example of  
report



Appendix 1: Bank Statements Analyzed

Bank	Correlating Fund	Account Number	Months Analyzed
Bank of America	General Fund	000103703501	July 2010 – June 2011
Bank of America	Concentration	334010376523	July 2010 – June 2011
Bank of America	SPLOST III (Fund 421)	334010376424	July 2010 – June 2011
Bank of America	Special Revenues (Fund 201)	334010376341	July 2010 – June 2011
Bank of America	Title I (Fund 203)	334010376358	July 2010 – June 2011
Wachovia	Concentration	2000866690490	July 2010 – June 2011

**Exhibits: 3<sup>rd</sup>  
Party**

## **Length of Report**

**Again no standard :-** depend on case to case basis + Exhibits

**Some examples: -**

- 1. KPMG : Forensic Audit Report to Dekalb Country School 31 pages**
- 2. Baker Tilly : National Audit Office Malawi – 48 pages**
- 3. Kenya Arid Land : 73 Pages**
- 4. PWC : The Auditor-General for the Federation, Nigeria : 199 Pages**



## **Please go through Applicable Laws & Section for Reports**


### **Relevant Act :-**

- 1. Indian Penal Code 1860 ...Section 420/ Other section.**
- 2. Criminal Procedure Code 1973**
- 3. Indian Evidence Act 1872 ..... Imp Section 45**
- 4. Indian Contract Act 1872 ... V imp : Fraud definition available here only before Companies Act 2013 (Sec 17)**
- 5. The Negotiable Instrument Act 1881 .. Imp Section 138**
- 6. Prevention of Money Laundering Act 2002 Amended in 2005,2009 and 2012  
:: V imp : recent change**
- 7 The Banker Evidence Act : When statement can be taken as evidence**
- 8. Information Technology ACT,2000 : latest case of Sec 68**
- 9. Prevention of Corruption Act 1988 – India**
- 10.Foreign Corrupt Practice Act – US (imp for MNC – USA subsidiaries in India (FCPA) :**
- 11. Sarbanes Oxley Act**
- 12. UK Bribery Act 2010**
- 13. THE LIMITATION ACT,1963**

## List of Nodal Agencies (Cyber Crime Cell/Economic Offences Wing) for Filing Complaint

Sr. No.	Regional Office	Name / Address	Mobile No.	Telephone No.	Fax No.
1.	Agartala (Tripura)	Shri Soumitra Dhar, Superintendent of Police (CID) A.D. Nagar (Arundhati Nagar) Agartala 799 003 <a href="mailto:spcid-tri@nic.in">spcid-tri@nic.in</a>	09436123828	0381-2376963	0381-2376979
2.	Ahmedabad (Gujarat)	Shri R.V. Jotangia, Dy. Inspector General of Police, C.I.D. (Crime & Railways), Gujarat State, Gandhinagar. Office of the Additional Director General of Police, C.I.D. (Crime & Railways), 4th Floor, Police Bhavan, Sector-18, Gandhinagar-382018, Gujarat	09978406062	079-23259419	079-23257545
3.	Arunachal Pradesh	Shri Anil Shukla, IPS, DIG-Crime, Police Head Quarters, Government of Arunachal		0360-2291065 2212576	




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## Empanelment of CA Firms with Serious Fraud Investigation Office (SFIO) - (23-02-2009)

Serious Fraud Investigation Office has invited applications from Chartered Accountants empanelled with the office of C&AG and who may like to be associated with SFIO for carrying out forensic examination of records of companies ordered for investigation by the government.

Serious Fraud Investigation Office, Ministry of Corporate Affairs intends to outsource certain Forensic Audit services in cases under investigation. The interested firms/ individuals empanelled with the CAG office or the Cost Auditing firms with expertise in forensic investigation field may apply immediately furnishing therewith, their expertise in the area of Forensic Accounting and audit including Cyber Forensic, the software that will be used and details of any Government/Public Sector or other undertaking where their services had been used. The interested firm shall be paid at the rate of Rs. 5000/- per day, for a team consisting of at least five individuals, with service tax and government dues extra.

Those interested may write at the following address:

**Director**  
**Serious Fraud Investigation Office (SFIO)**  
**Paryavaran Bhawan**  
**2nd Floor, CGO Complex**  
**Lodhi Road**  
**New Delhi- 110 003**

**For any query please send email on the following emailid:**  
[sharads.sfio@nic.in](mailto:sharads.sfio@nic.in)

### Court Cases

S/N	Name of Company	Co. Law	IPC	Total	Place
1	Daewoo Motors India Ltd.	21	02	23	Delhi
2	Design Auto Systems Ltd.	11	02	13	Indore
3	Bonanza Biotech Ltd	16	01	17	Indore
4	Vatsa Corporation Ltd.	106	08	114	Mumbai
5	Mardia Chemicals Ltd.	21	02	23	Ahmedabad
6	Soundcraft Industries Ltd.	35	09	44	Mumbai
7	Kolar Biotech Ltd.	24	04	28	Mumbai
8	Adam Comsof Ltd	21	04	25	Mumbai
9	DSQ Software Ltd.	23	02	25	Chennai
10	Usha India Ltd	27	07	34	Lucknow, Sultanpur
11	Malvika Steels Ltd	27	06	33	Lucknow , Sultanpur
12	Koshika Telecom Ltd	39	03	42	Delhi
13	Chitrakoot Computers	14	02	16	Mumbai
14	Classic Credit Ltd	05	01	06	Kolkata
15	Classic Shares & Stock Broking Services Ltd	09	--	09	Kolkata
16	Goldfish Computer P Ltd	23	01	24	Mumbai
17	KNP Securities Pvt Ltd	15	--	15	Mumbai
18	Luminant Investrade P Ltd	11	--	11	Mumbai
19	Manmandir Estate Dev.	02	01	03	Mumbai
20	N H Securities Ltd	25	01	26	Mumbai
21	Panther Fincap and Management Services Ltd	24	02	26	Mumbai
22	Panther Industrial Products Ltd	25		25	Mumbai

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