

# FORENSIC AUDIT SEMINAR

Presentation by:

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# Agenda



## *Fraud Audit Planning and Execution*

1. *Avoiding common mistakes in fraud risk assessment*
2. *Developing the forensic report and exhibits*
3. *Develop and establish continuous anti-fraud programs*
4. *Fraud response and prevention program*
5. *After-math of fraud: Legal and Court Involvement*

# *Common mistakes in fraud risk assessment*



*Fraud risk assessment- process to identify and address vulnerabilities to fraud.*

*Risk assessment based on COSO framework;*

- *Set Objectives for the organization*
- *Analyze Potential risks of violations*
- *Develop a strategy to manage risks*

# *Common mistakes in fraud risk assessment*



## *Common mistakes in fraud risk assessment*

- *Right Sponsor*
- *Objectivity / Independence of people conducting the assessment*
- *Poor working knowledge of the business*

# *Common mistakes in fraud risk assessment*



- *Access to people at all levels of the organization*
- *Engendered trust-*
- *The ability to think the unthinkable- Skepticism*
- *Lack of a plan to keep it operational and relevant*

# *Common mistakes in fraud risk assessment*



- ☐ *Package it right-*
- ☐ *One size does not fit all- Develop a risk assessment criteria fit for your organization*
- ☐ *Simplicity- easy to understand, repeatable*

# Developing the Audit Plan and Execution



## Planning

Gain an understanding of the organization

Identify significant accounts and transactions

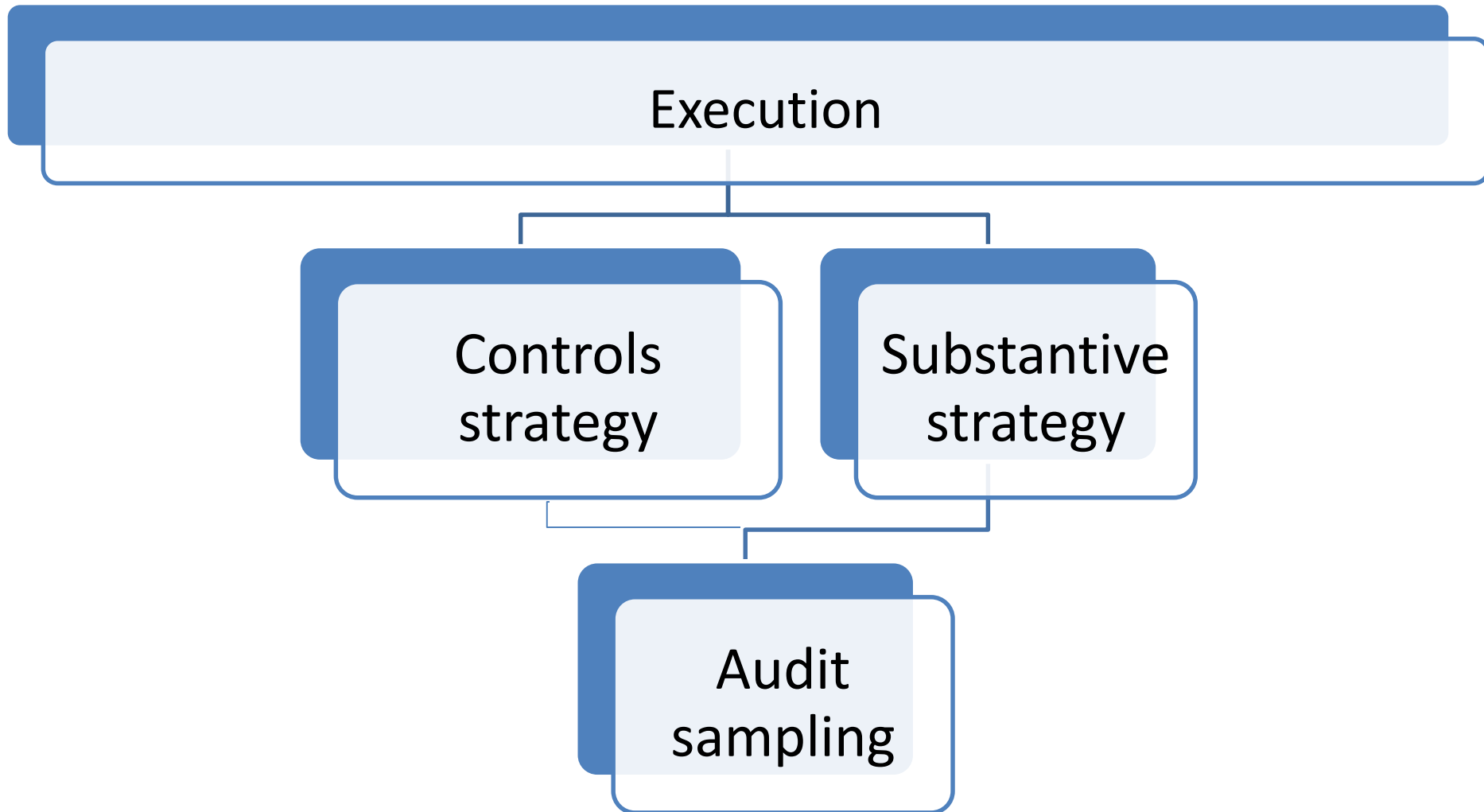
Set planning materiality

Identify Risks

Gain an understanding of key internal controls

Develop an audit strategy

# Developing the Audit Plan and Execution





# Developing the Audit Plan and Execution



## Concluding and Reporting

Subsequent event  
identification

Conclusions

Reporting

# Developing the forensic report and exhibits



## *Preparing forensic Report*

- *Brevity*
- *Avoid ambiguity, be exact*
- *Specific, no generalizations*
- *Charts and graphs*
- *Use references for your work*
- *Review your report for accuracy and neatness*

# Developing the forensic report and exhibits



*Exhibits- Tangible objects presented as evidence.*

*Audit reports, government documents, witness statements*

# Develop and establish continuous anti-fraud programs



- ❑ *Definition of objectives of anti-fraud program – Who oversees fraud risk management process? Governance- is the board engaged and educated? BARC exists?*

# Develop and establish continuous anti-fraud programs



- ❑ *Identify steps to develop an anti-fraud program- How and where is fraud risk addressed within the organization*

# Develop and establish continuous anti-fraud programs



- ❑ *Components of an effective anti-fraud program- How is the effectiveness of fraud risk management activities evaluated, evaluation of success of the program.*

# Develop and establish continuous anti-fraud programs



## *Components of an Anti-Fraud Program*

- *Commitment*
- *Fraud awareness*
- *Affirmation process*
- *Conflict disclosure*
- *Fraud risk assessment*

# Develop and establish continuous anti-fraud programs



## *Components of an Anti-Fraud Program*

- *Reporting procedures and whistleblower protection*
- *Investigation process*
- *Corrective action*
- *Process evaluation and improvement / Quality assurance*
- *Continuous Monitoring*



# Fraud response and prevention program



*Fraud risk management- identification, prioritization, treatment and monitoring vulnerabilities due to fraud.*

- *Business growth might translate to increased risk—fraud, bribery, corruption*
- *The challenge becomes to achieve ethical growth*
- *A robust anti-fraud program is required to manage risks.*

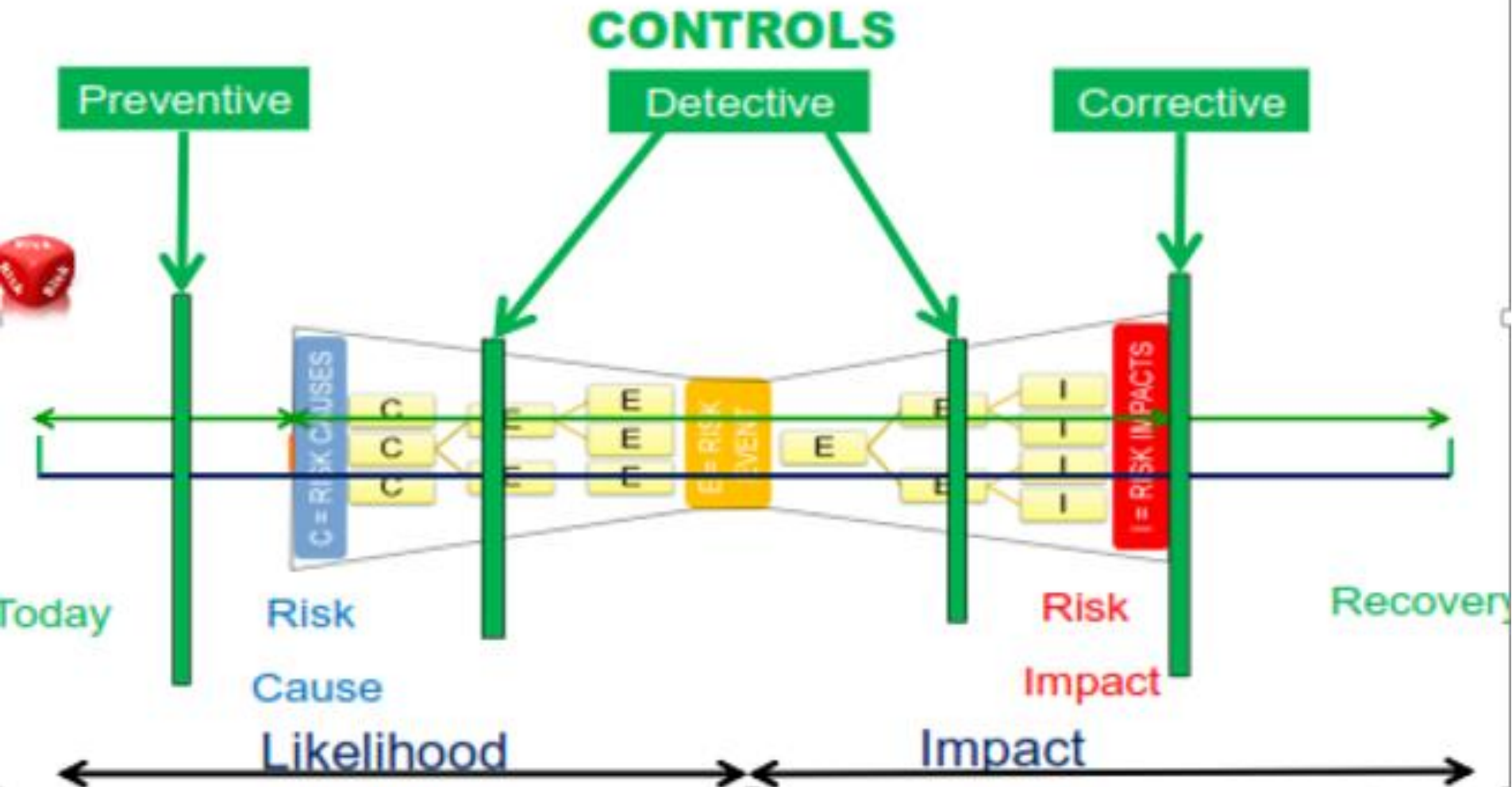
# Fraud response and prevention program



*An anti-fraud program addresses fraud before, during and after it occurs; it will incorporate controls that are designed to;*

- *Prevent fraud*
- *Detect fraud*
- *Respond fraud*

# Fraud response and prevention program



# Legal and Court Involvement



- ☐ *Expert Witnessing*
- ☐ *Preparation to Testify*
- ☐ *Direct and Cross Examination*
- ☐ *Conflicts of interests*
- ☐ *Discoverability of expert reports*
- ☐ *Keeping Good files*



# Interactive Session



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