



Investigation Cycle (Tips , Successes and Failures)

Annual Forensic Seminar 2019



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Agenda



- ☐ Introduction
- ☐ Carrying out an Investigation – Emphasis on High risks
- ☐ Conducting Interview- Emotional intelligent
- ☐ Issues around Evidence
- ☐ Report Writing

Books....



- Emotional Intelligence
- Yellow Weil
- The Prince
- 48 Laws of Power
- How to win friends and influence People
- Why you behave the Way you do

Fraud Defined

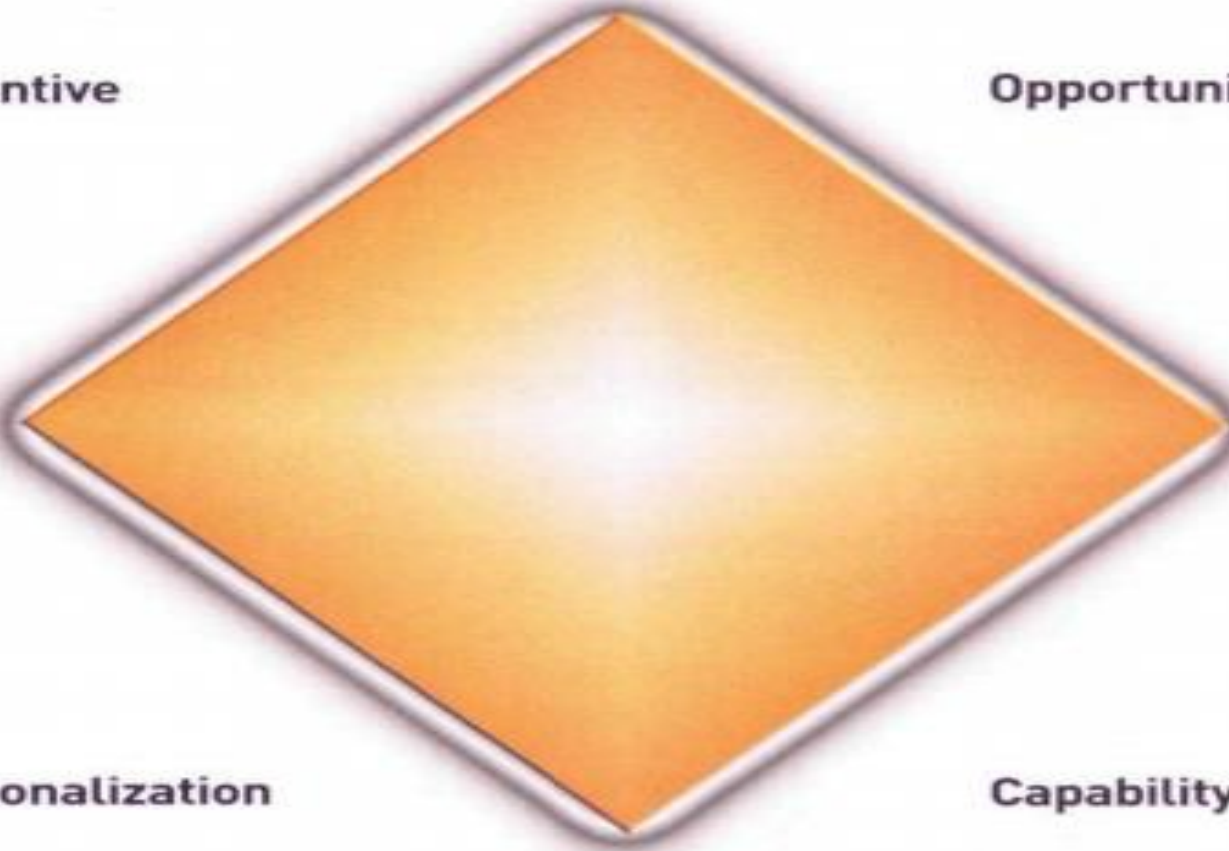
THE FRAUD DIAMOND

Incentive

Opportunity

Rationalization

Capability



Fraud Diamond Kenyan Context



Study in Italy by Lombroso emphasized on Physical attributes



Audit and Investigation- Differentiated



- *Audit provides assurance over fairness; truthfulness of affairs.*

Internal Audit- guided by IIA Standards;

External Audit – Audit Standards

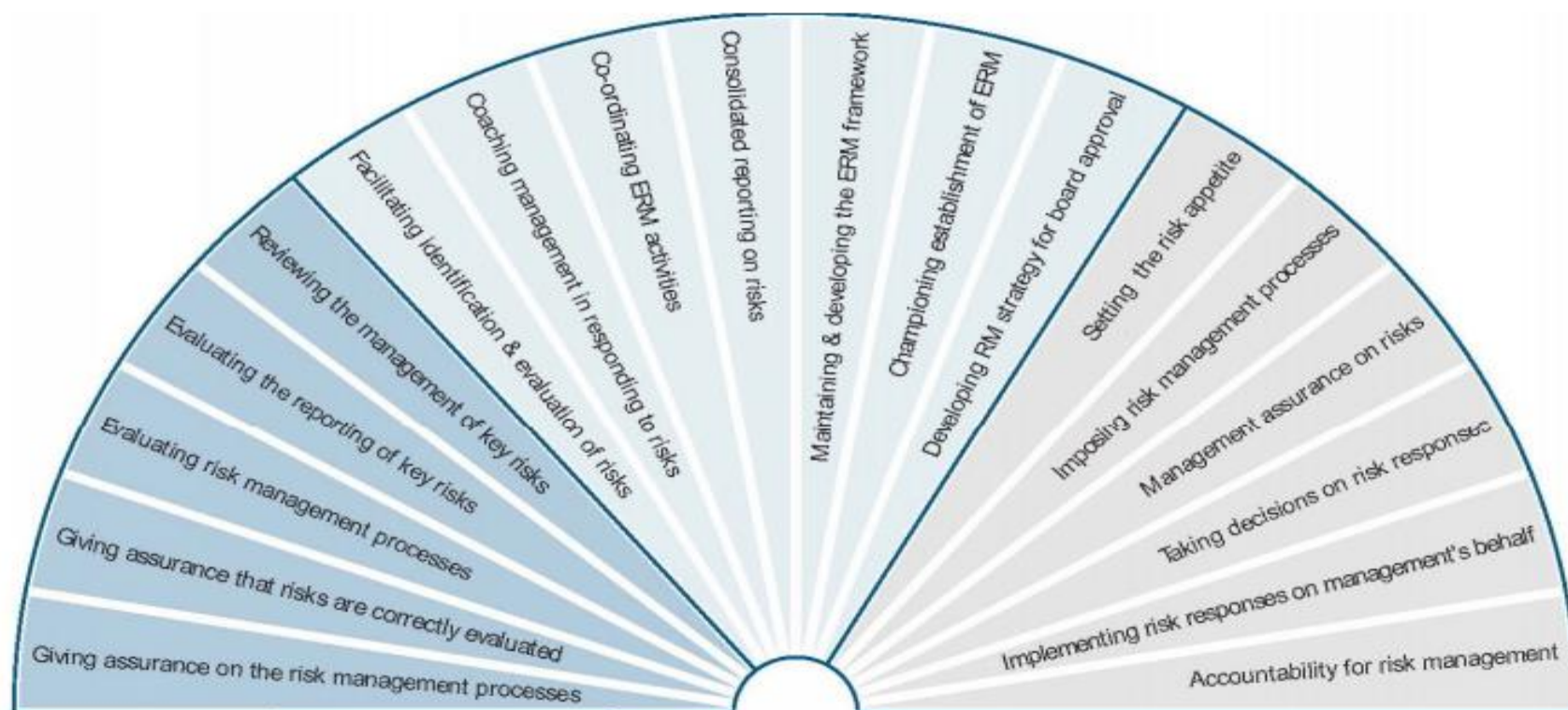
Systems Audit- ISO 27001

Based on sampling (idea is to bring out red-flags and control maturity)

- *Investigation : Assess a specific matter to make a conclusion of its occurrence- affix blame*

Audit and Risk

Figure 1 – Internal auditing's role in ERM



Core internal audit roles
in regard to ERM

Legitimate internal audit
roles with safeguards

Roles internal audit
should not undertake

Methods of Investigation



Assignments can be either:

- ☐ Covert

- ☐ Overt

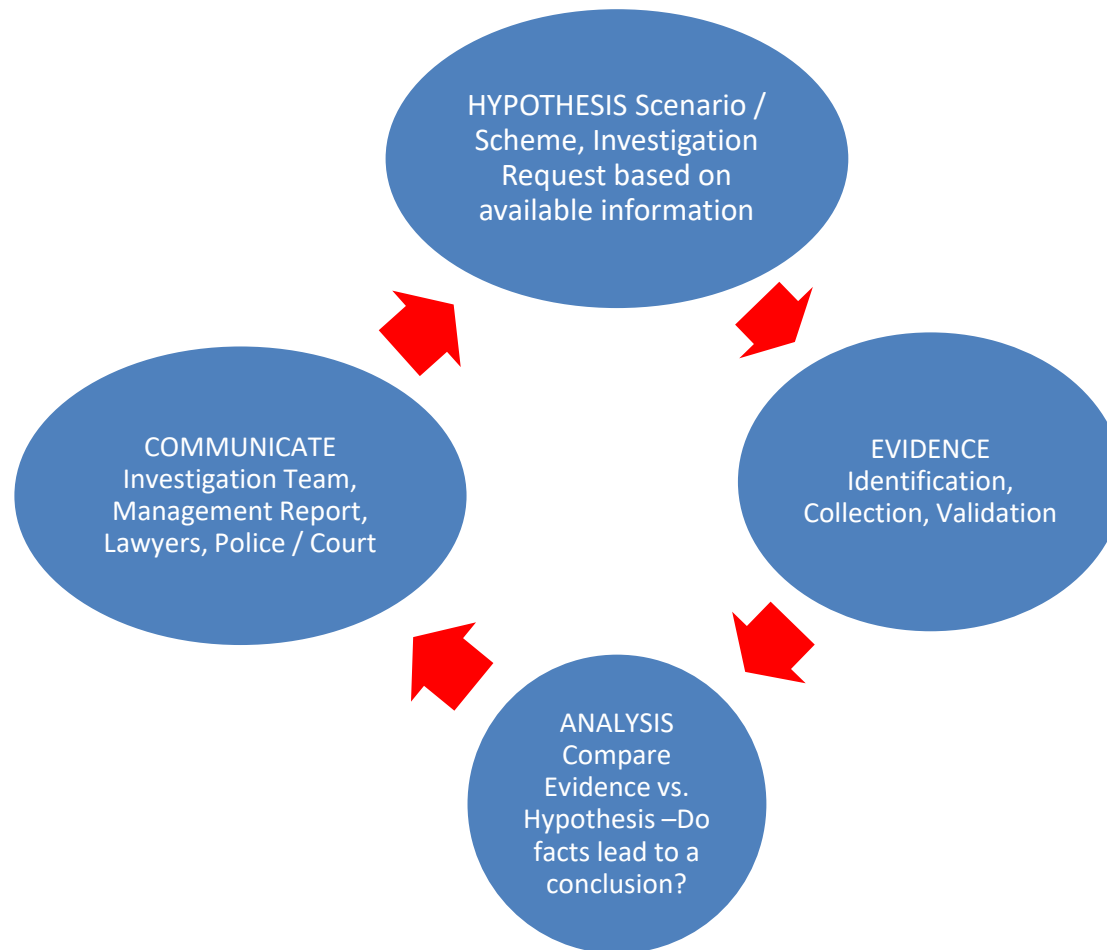
- ☐ How you frame your Terms of reference

Classification of Fraud



- *Corruption- Bribery; Illegal Gratuity and Extortion*
- *Financial Statement Fraud*
- *Asset Misappropriation*

Investigation Lifecycle



Hypothesis Creation



- *Investigation : Assess a specific matter to make a conclusion of its occurrence.*
- *Confirm that indeed fraud occurred or not. Unlike traditional crime where the suspect is not known, fraud involves a known culprit – **Affix blame.***
- *Mind is ultimate consumers are the courts-
beyond reasonable doubt.*

Hypothesis Creation



- *Analyze facts; documents and internal control*
- *Identify any relationships in the information*
- *Identify the type of fraud at hand*
- *Refine your hypothesis as you continue to gather for evidence.*

High Risk Areas



- *Decoys and Perceptions- Board level*
- *Distorted data and guided investigation*
- *Delays and timing on provision of information*
- *Resistance both Internal and External*
- *Establish early trail of Evidence and exhibits*

Evidence



- *Reliable*
- *Relevant*
- *Sufficient*
- *Original Form*
- *Avoid recording and information from privileged persons(Divorce)*

Form of Evidence



- *Manual or Digital – all are MFIs*

Manual is easily observed; examined; found; traced

Digital : Needs imaging; tracing source and analytical tools.

- *Circumstantial or Direct Evidence*

Documents – High Risk Areas



- *Relationships within the data-Use of Analytics.*
- *Pages in the document*
- *Alteration*
- *Common Errors*
- *Similar Pen*
- *Physical Addresses*
- *Ability to trace*
- *Similar hand writing*

Documents



VIP graft case stalls as key files vanish

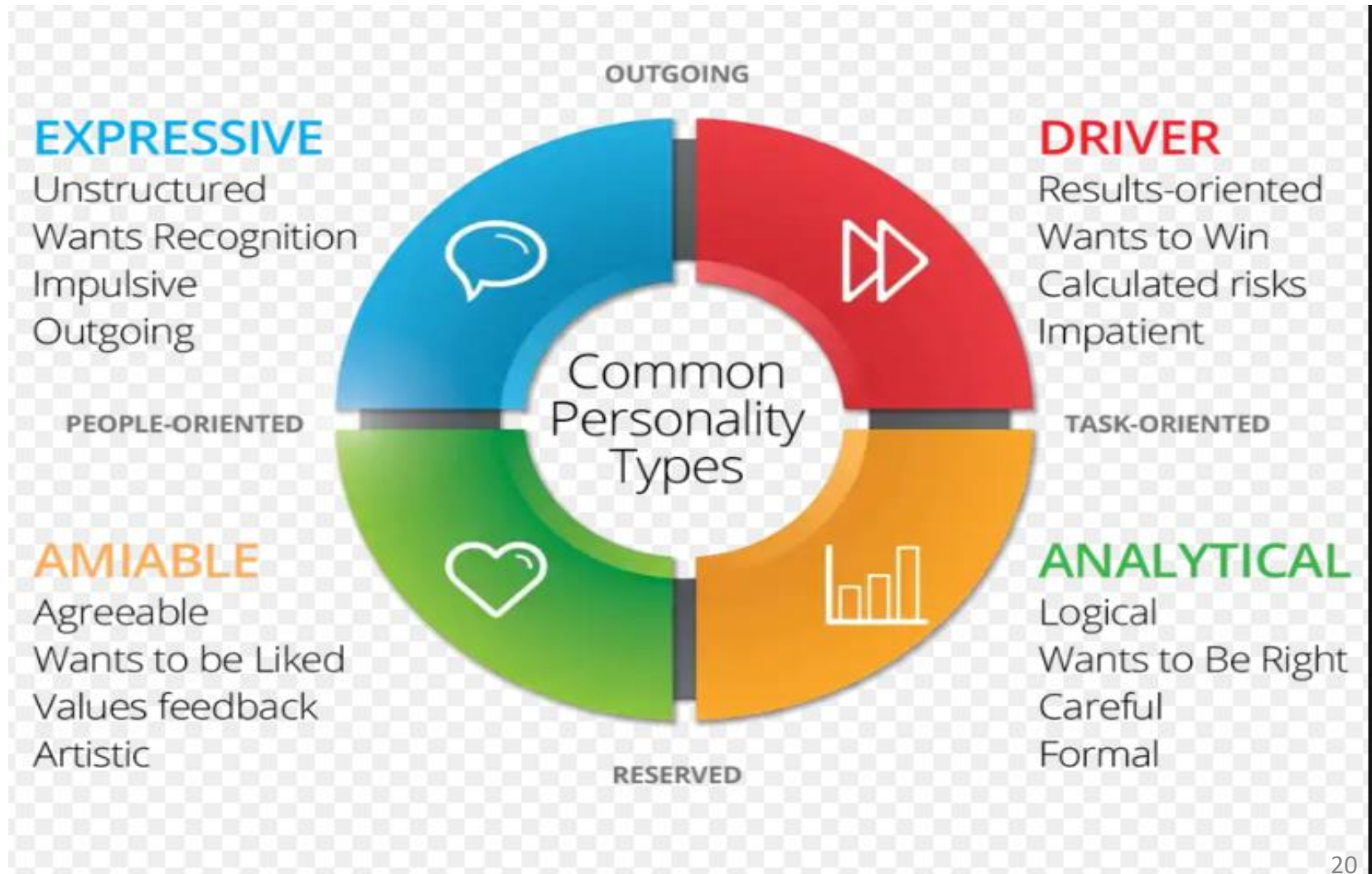


Evidence Gathering - Interviews



- Gather Evidence from the least culpable to the Suspect
- Consider legal consideration and resistance
- Understand yourself – your strengths and weaknesses

Conducting Interviews- Personalities



Conducting Interviews



☐ Self Awareness

☐ Social Awareness

☐ Relationship Awareness

☐ Social Relationship

Concept by: Daniel Goleman

Conducting Interviews

Emotional Intelligence: There are four Personalities:

☐ Red(Chlo)

☐ Green(Mels)

☐ Yellow(San)

☐ Blue (Phlegs)

Interviewing Questions



- Introductory and Information Questions
- Assessment Questions
- Admission Seeking Questions

Interviews- What to consider

- Expression
- Ritual
- Therapy
- Persuasion

Inhibitors of Interviews



- Time
- Ego threat
- Disapproval
- Loss of status
- Regression
- Altruism
- Avoid titles
- Sympathy

How to Evade



- Forgetfulness
- Trauma
- Confusion
- Be Hostile
- Limited and Selective Knowledge
- Busy / No time

Dealing with Hostile Witness



You're hostile witness, PIC tells Kimunya

Feb. 18, 2014, 12:00 am | By DAVID MWERE



Questions and What to avoid

- Closed Questions
- Leverage on Continuous Discussion
- Use hypothetical Questioning
- Body emotions
- Correct and Good
- Reluctance to end an interview
- Overly good titles
- Emotions and Opinions

High risk Areas- Interviewing

- Legal Requirements
- Deal with deception
- False imprisonment
- Recording
- Dealing with resistance
- Dealing with your Own emotions



Conducting Interviews



Be good at understanding human behaviour :

- ☐ Kinetics;
- ☐ Proxemics;
- ☐ Chromatics;
- ☐ Use of therapy and catharsis is important

Conducting Interviews



- ❑ Increase altruism effects and reason out
- ❑ Check out on the space and meeting area
- ❑ Changes in behaviour- sweating; crying;
- ❑ Selective amnesia

Investigation report



- Factual
- Address the specific matter
- No opinions
- Facts only
- Have Exhibits
- No comments on Internal Controls
- Admissibility of you as a person

Words to Avoid



- Investigate
- Audit
- Embezzlement
- Are you sure?
- Why did you do it

Q and A





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