

Refresher Course

on

Forensic Audit

By

WIRC of ICAI

Part - 3

G. C. PIPARA

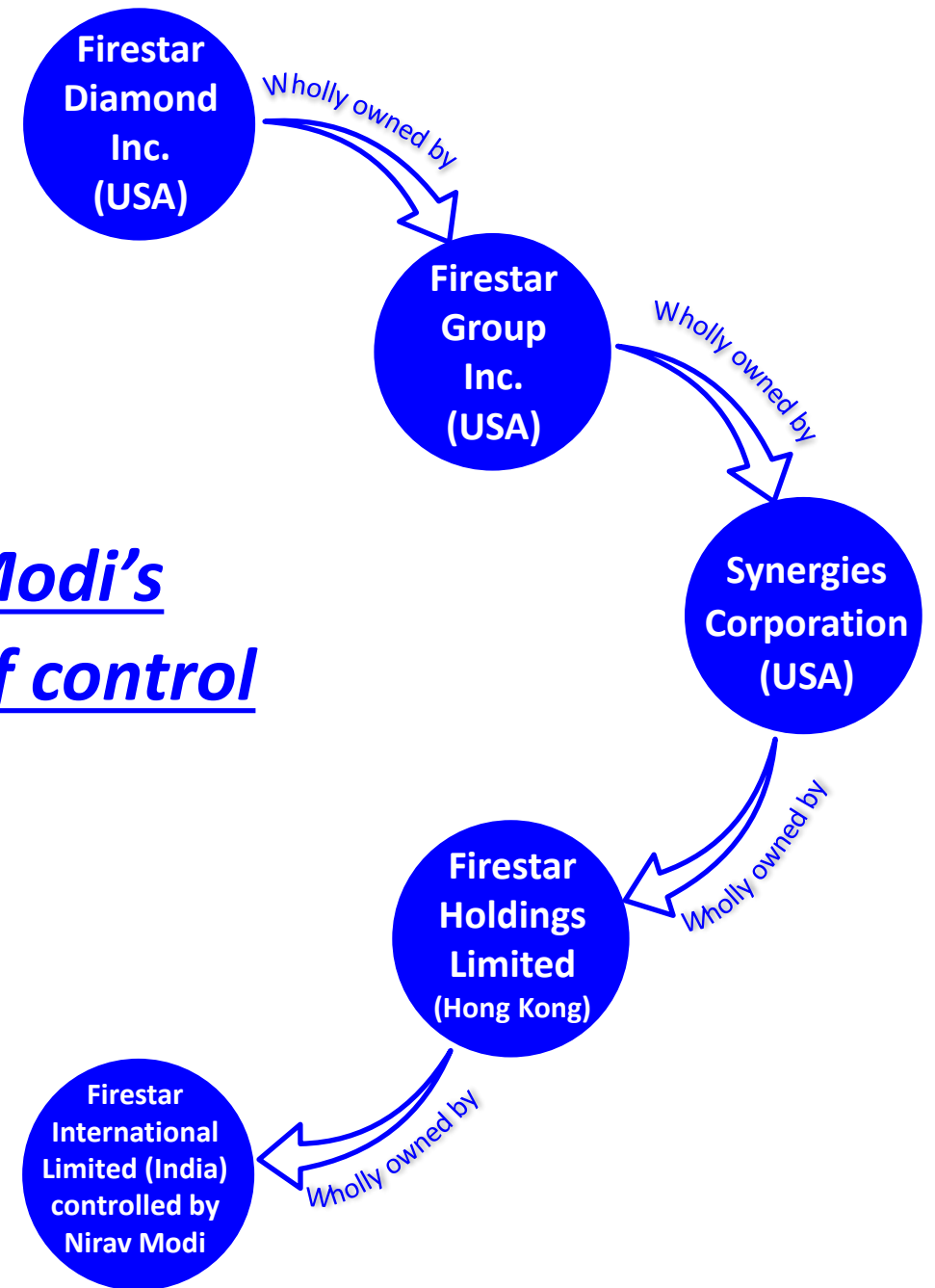
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Tunneling strategy used by Satyam to hide the fraud

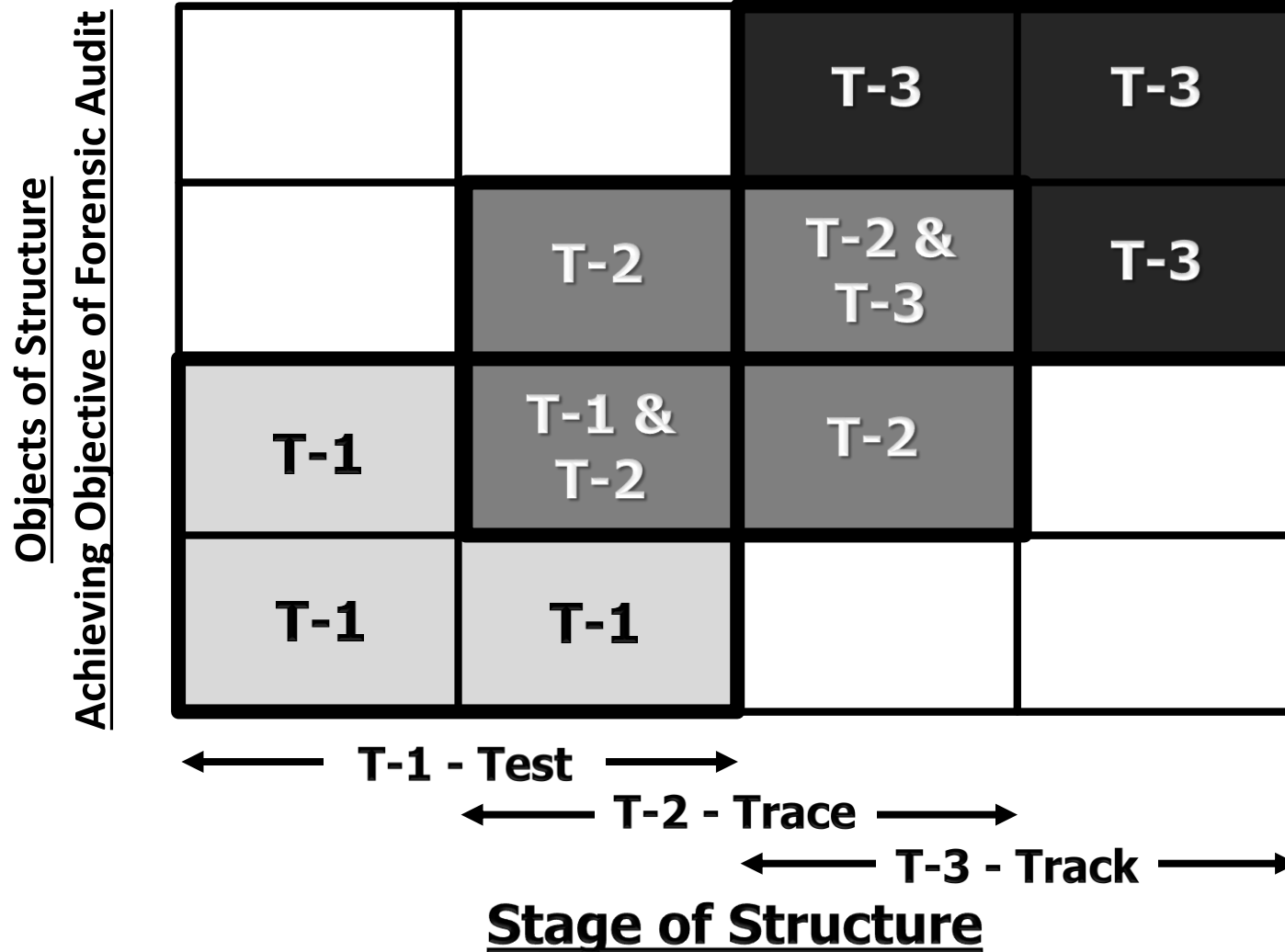
Particulars	March 2001	March 2002	March 2003	March 2004	March 2005	March 2006	March 2007	March 2008	December 2008
Promoter's holding in %	25.60	22.26	20.74	17.35	15.67	14.02	8.79	8.74	2.18

The structure of the company -

Nirav Modi's chain of control



The T-3 Structure of Forensic Audit



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The T-1 of T-3 structures of forensic audit represents Test

- 1) Data analysis
- 2) Artificial Intelligence
- 3) Application of Accounting Standards
- 4) Application of Auditing Standards
- 5) Behavioral Evaluation
- 6) Identification of trends and patterns
- 7) Articulation of Optional practices
- 8) Probability distribution
- 9) Neutrosophics probabilities to *Beford's law (Please Goggle search)*
- 10) Application of *Beford's Law (Please Goggle search)*

T-3 Structure Contd...

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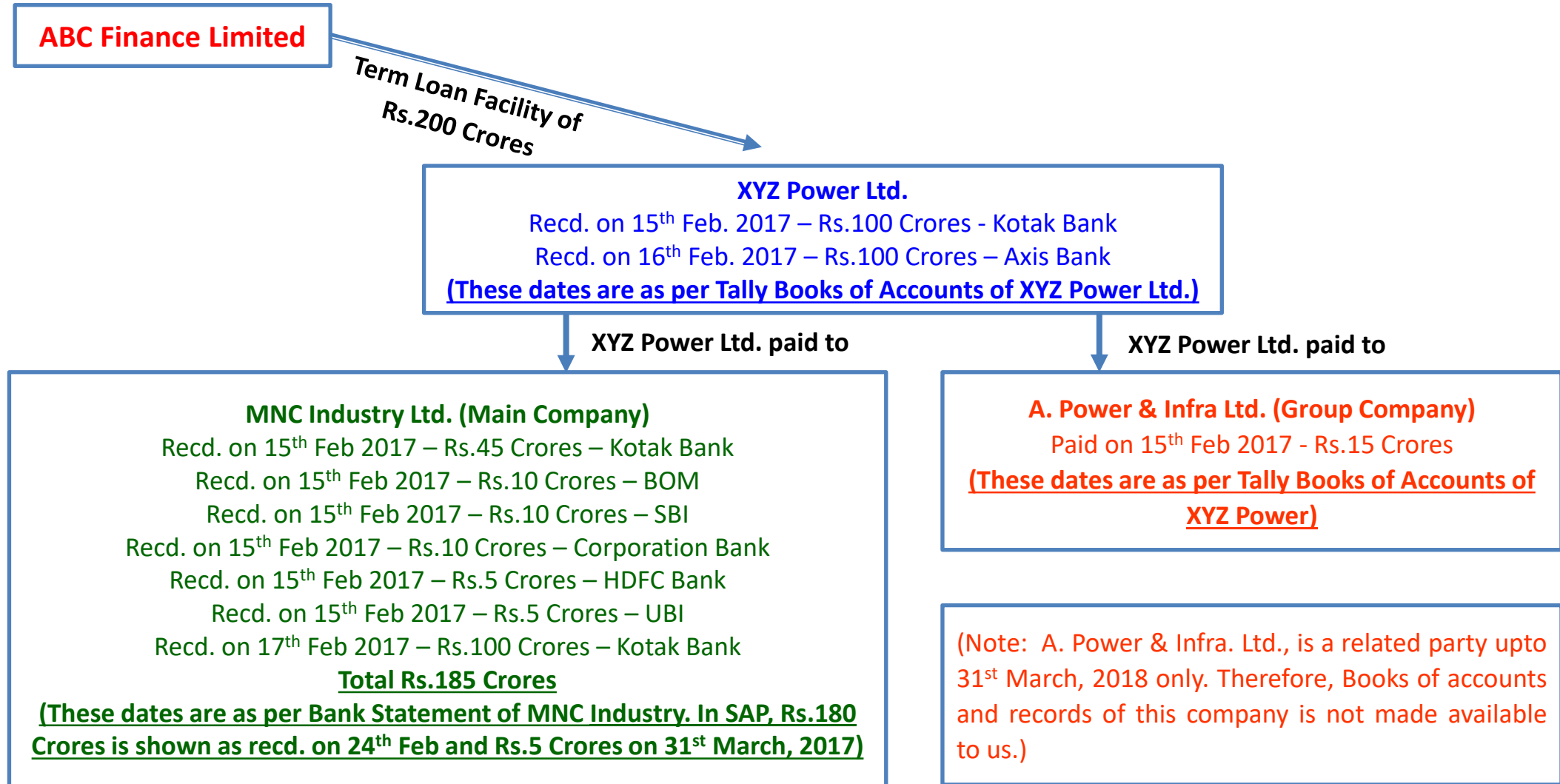
- 11) Application of Binomial Distribution
- 12) Financial due diligence
- 13) Legal due diligence
- 14) Gross margin, yields and inventory, wastage etc.
- 15) Evaluation of accounting discipline
- 16) Apply clear logical thinking and research and innovative imaginative and common sense
- 17) Test the organization Culture, Policies and Guidelines
- 18) Relative size factor(RSF) in MS Excel
- 19) Interviews
- 20) Field investigation

T-3 Structure Contd...

T-3 Structure Contd...

- 21) Computer Aided Audit Tools (CAATS)
 - Generalized Audit Softwares (GAS)
 - Common Software Tools(CST)
- 22) Check missing
- 23) Check duplicated
- 24) Find out round numbers
- 25) Find out isolated transactions
- 26) Find out repetitive/odd numbers
- 27) Perform appropriate test of control in IT environment
- 28) Test the various risks
- 29) Test the datas.

Case Study on Round Tripping - Rs.200 Crores



MNC Industry Ltd. (Main Company)

Paid

Global Pvt. Ltd. (Group Company)

On 16th Feb 2017 – Rs.44.99 Crores – Kotak Bank

On 16th Feb 2017 – Rs.8.24 Crores – IDBI Bank

On 16th Feb 2017 – Rs.7 Crores – Deutsche Bank

On 16th Feb 2017 – Rs.6.12 Crores – UBI

On 16th Feb 2017 – Rs.4.88 Crores – HDFC Bank

On 16th Feb 2017 – Rs.4.75 Crores – Corporation Bank

On 16th Feb 2017 – Rs.4.65 Crores – BOM

On 16th Feb 2017 – Rs.4.49 Crores – SBI

On 16th Feb 2017 – Rs.3 Crores – UBI

Total Rs.88.12 Crores on 16th Feb. 2017

On 17th Feb 2017 – Rs.96.88 Crores – Kotak Bank

Total Rs.185 Crores as above

**(These dates are as per Bank Statement of Global Pvt. Ltd. In SAP,
the dates are 24th Feb. Rs.175.47 Crores & 28th Feb. Rs.9.53 Crores)**

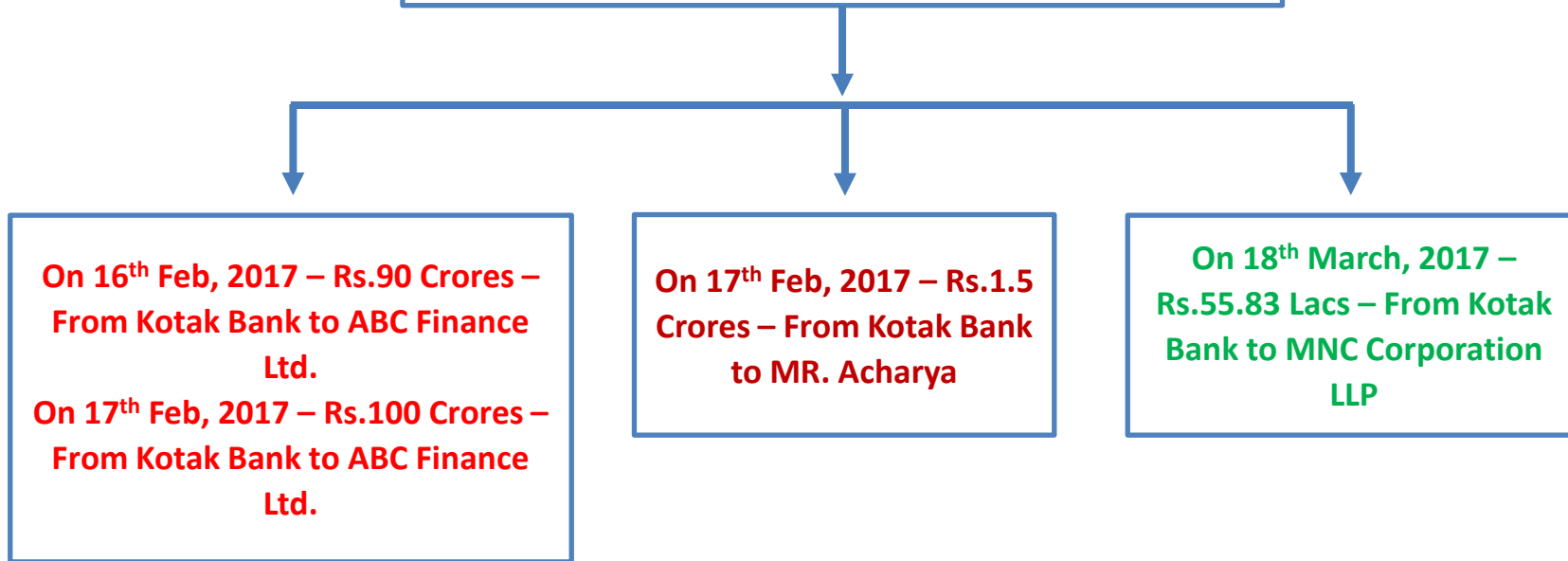
(Global Pvt. Ltd. also recd. Rs.7 Crores on 16th Feb, 2017 from MNC Industry Ltd. from UBI)

In GPL, all the above cheques were deposited in Kotak Bank

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Global Pvt. Ltd. used the above Rs.192 Crores for payment as under:-



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- ◆ Statement of Profit and Loss
- ◆ Auditor's Report
- ◆ Companies Auditor's Report Order
- ◆ Notes on Accounts
- ◆ Significant Accounting Policies
- ◆ Cash Flow Statement
- ◆ 64 Case Analysis with Diagrams, Charts, Tables and Boxes

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2nd Edition

*Taxmann has published 2nd Edition of book titled - "**BALANCE SHEET DECODED – Keys to Unlock Balance Sheet Secrets**", which is authored by Shri G. C. Pipara.*

This book deals with Intensive Analysis of the financial statements and found to be very useful for the purpose of analysis of financial statements by the banks, Research Analyst, Financial Institutes, Chartered Accountants and Forensic Auditors.

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 - Round Tripping
 - Special Purpose Vehicles
 - The Dog ate My Accounts
- ◆ Contemporary Issues of Forensic Audit
- ◆ Unlocking the Secrets hidden in Forensic Audit of issues relating to Statement of Profit and Loss
- ◆ Unlocking the Secrets hidden in Forensic Audit of items relating to Balance Sheet
- ◆ 37 Case Analysis

*Taxmann is publishing - "**FORENSIC AUDIT DECODED – Unlocking the Secrets Hidden**", which is authored by Shri G. C. Pipara.*

This book deals with each and every aspect of Forensic Audit.

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Thanks ...

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