

Forensic audits

In today's business environment fraud and misreporting of financial and commercial data is an ever present risk. In particular the ever increasing use of the internet both for communication and storage of data leads to the possibility of fraud. Whilst a standard financial/ statutory audit will look at potential areas for fraud this is not the primary aim. At PKGT Audyt we have extensive experience of conducting forensic audits specifically aimed at uncovering and evaluating fraud, asset tracing and litigation support particularly relating to post acquisition representation and warranties claims. The areas which can be of concern can be categorised as:

- Theft of assets
- Misstatement of financial and management reporting to cover up fraud
- Insufficient systems of security over assets
- Covering up liabilities
- Errors in valuations of assets
- Deliberate falsification of valuations
- Payment of fictitious employees and suppliers
- Lack of transparency in procurement procedures
- Understatement of tax declarations

Typically forensic audits are conducted as a stand alone assignment although the scope of a standard financial audit can be extended to cover a more in depth review of areas where potential fraud can occur. In fact most spectacular financial audit failures involve a significant degree of deliberate fraud involving auditor collusion (Enron and Parmalat to name just two examples).

What differentiates a forensic audit is the fact that in most cases the auditor needs to go back in time over a number of years in order to establish facts and evaluate the scale of fraud.

The partners of PKGT Audyt have always believed that part of the role of an auditor is to imagine where fraud could be perpetrated and to test the hypotheses that someone has actually taken advantage of the opportunity.

Our recent forensic investigations have included an assignment driven by a joint venture partner who (correctly) believed that the JV partner was diverting both resources and business contracts to companies he controlled and an assignment related to reps and warranties instigated by a financial investor who suspected (again correctly) that land and buildings had been fraudulently valued prior to transaction.

To find out more about how we can help please contact us at awk@pkg.t.pl Any consultation will of course be highly confidential and we will use discretion at all stages not least because it is often vital that the perpetrator/s of fraud are not given the opportunity to cover up facts and records.