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Design of an Information System for
Support of Forensic Audit

Bachelor's Degree Project

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Před svázáním místo téhle stránky

 s podpisem děkana (bude to jediný oboustranný list ve Vaší práci) !!!!

Declaration

I declare that this Bachelor Project is all my own work and I have cited all sources I have used in the bibliography.

In Prague

.....
Edita Pešková

Acknowledgements

I wish to thank to my supervisor for his inspiring feedback, my family for their patience and support in my studies and anyone who encouraged me in this project.

Edita Pešková

Název práce:

Návrh informačního systému pro podporu forenzního auditu

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Oddělení ekonometrie, Ústav teorie informace a automatizace

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Abstrakt: Tato bakalářská práce předkládá návrh systému a naznačuje požadavky, které jsou potřebné aby byl popsán smysl a cíle technik digitálního forenzního vyšetřování, vykonávaných forenzními auditory, účetními a inpektory firem. Pomocí různorodých postupů, nástrojů a technik rozpoznáváme v jakých případech mohou nástroje forenzního auditu poskytnout auditorům potřebné informace k provedení forenzního auditu. Bakalářská práce představuje požadavky, které musí splňovat vlastní informační systém použitelný pro podporu vyšetřování a také poskytuje detailní návrh tohoto systému.

Klíčová slova: Forenzní audit, Vyšetřování, Návrh systému, Databáze, Sběr dat

Title:

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Abstract: This bachelor project proposes a system design and suggests requirements that are needed in order to describe the purpose and goals of the digital forensic investigation techniques carried out by the forensic auditors, accountants and examiners of companies. Using various procedures, tools and techniques we identify where the forensic audit tools and the system can provide the auditors necessary information to carry out forensic audit. This bachelor thesis provides requirements that our own information system usable to support forensic audit must follow and also provides a detailed design of this system.

Key words: Forensic audit, Investigation, System design, Database, Data collection

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Introduction

The topic of this bachelor degree project is forensic audit and its computer support. The field of information technology provides wide potential to support the process of forensic audit. First reason is that due to expanded use of information technology many important pieces of evidence can be found in digital environment. Second is the power that computer support gives in complex analysis of enormous amount of data occurring in investigated cases. The main goal of this project is to describe the process of forensic audit and design an information system helping in the process.

klicova slova: forenzni audit, unik penez, prosetreni spolecnosti, vyhledavani dukazu, pocitacova podpora, aplikace podporujici forenzni audit, vizualizace procesu vysetrovani, report o vysetrovanem pripadu, metodika forenzniho auditu, navrh informacniho systemu, digital forensics ...

Chapter 1

Forensic audit and its computer support

na zacatek shrnout co vsechno obsahuje tato kapitola. asi tak takhle:

In this chapter the term "forensic audit" and other related terms are defined to give an insight on the field. Further an overview of frequently investigated types of crimes is given, related to this field. We demonstrate typical roles and outline the process. az bude kapitola dopsana, zkontroluvat, zda toto odpovida

1.1 Definition of forensic audit

The term "forensic" can be defined in multiple ways. According to merriam-webster dictionary [3] the definition is "relating to the use of scientific knowledge or methods in solving crimes". The term "audit" is explained in the same dictionary as "a complete and careful examination of the financial records of a business or person" [2].

The essence of forensic audit is to discover and investigate fraudulent intentions and fraudulent behavior.

A common mistake in the definition of forensic audit is confusing it with financial audit. The aim of financial audit is to verify whether financial statements are fairly stated in accordance with accounting standards. Financial auditors search for material errors or other misstatements in the accountancy.

On the other hand the ultimate goal of forensic audit is to examine existing or gained suspicion and procure evidence concerning possible fraudulent behavior. Deceptive scenarios are discovered in the process of forensic audit and evidence together with a documentation that is usable for subsequent course of action is gathered. As a matter of principle forensic auditors are not expected to express their opinion on the guilt or innocence of suspects.

1.2 Specializations in forensic audit

The definition of forensic audit has already been stated in 1.1. However, there are several related specializations that can also be useful to know when dealing with this field.

Forensic Sciences methodologically correctly apply broad spectrum of scientific disciplines in order to answer questions relevant to legal system. [6] An aggregate of these sciences is sometimes also called simply forensics. Forensics is mainly used to deal with previously committed crimes or to prevent similar crimes from happening.

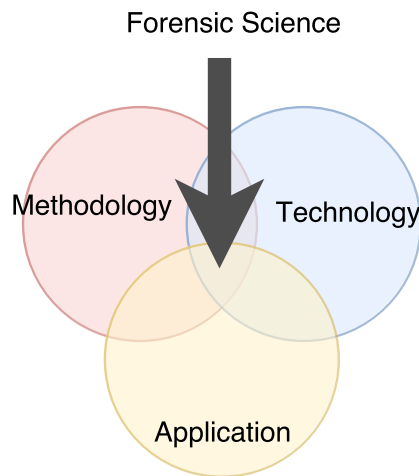


Figure 1.1: Forensic sciences

1.2.1 Computer (Digital) Forensics

is a discipline that studies digital evidence. It is used for recording, safeguarding, extraction and documentation of evidence from various kinds of hardware. Examples of digital forensics subbranches are mobile forensics, life-system forensics, file-system forensics, network forensics, multimedia forensics.

Sources of digital evidence are all kinds of digital equipment that is able to store usable pieces of information. These can be not only computers, mobile devices, (smart) phones, (surveillance) cameras, PDAs etc. but also for instance copy machines, cars, washing machines or houses. This is a correlative of the Internet of Things (IoT) which is a currently emerging trend in technology. Common digital data used as a environment to search for evidence is for example disk image of a device, a memory image of a device, NetFlow data, complete network communication, or even parts of log gained from the service provider.

Digital data is created mostly when working with the digital equipment. While using the memory programs regularly leave trace such as variables, the code and

input/output data. The user also saves various kinds of data when saving documents sending emails etc.. This kind of data stays in the memory and can be the source of evidence. For example, it is possible to trace sending an email at several instances such as in the browser, on the web page presence of an attachment is recognizable, the email is traveling via the network and the provider running the service has a log about the email. Having adequate authorization, such as the police has, it is possible to request the record about the activity from the provider.

There are several groups of data in computer memory. Volatile data is temporary data that is not permanently saved. User available data, typically files are called active data. Meta-data is the information about data. It typically consists of information about the format of data, the time of creation etc.. Lets take meta-data of a picture as an example, there can be the time set in the device when creating the picture, information about the location, the focus distance, the exact name of the camera and possibly other details. Similarly in case of an document the information about the time and the user who created the document can be found in the meta-data of the data. Another type of data is system logs, where for example an information about how the system is running is provided. The purpose of these logs is to make the diagnosis of potential problem easier to find and resolve. Among other things the system log monitors the activity of the user. Temporary files are files providing auxiliary space. Typically they are named with the .tmp suffix and are used for saving intermediate results. Another type of data that can be found in computer memory is residual data. It is in fact the listing of the memory. All the unallocated memory, parts of files, deleted but not overwritten files and other pieces of memory.

Forensic analysis of digital data is deals with searching for evidence in the field of information technology, their interpretation and presentation. The basic requirements are to discover the desired evidence in a way that the methods are repeatable and the results are unquestionable. Forensic analysis always adopts an unbiased stance on the result.

When preparing the data for analysis first the data is extracted from the device. This extracted data is also called "best evidence." Immediately after that the data is hashed and another copy of the data is made for processing purposes. This is important in case that while processing the data some change is made in the working copy we can always easily check the hash to verify we have the right data. While extracting it is important to document the procedure of extraction. It is possible, for example, to add a new entry to a log file, but it must be well documented to prevent any future mistake.

1.2.2 Computational Forensics

is an research domain that uses the means of computational methods to study any kind of evidence. Computational forensics involves modeling, computer-based analysis, computer simulations etc.. This specialization uses methods such as machine learning, data mining, image processing, statistical pattern recognition, fuzzy logic

or data visualization to discover any hidden forensic knowledge.

1.3 Selection of specific techniques or tools used in forensic audit

Data mining

Fuzzy logic [7]

Machine learning

co nas zajima - situace, kde je vhodne uvazovat pocitacovou podporu pocitacova podpora muze mit mnoho druhu- vyuzivani konkretniho SW analyticky, statisticky, podpora projektoveho managementu nastroje na sdileni informaci pri praci na projektu vyuzivani nekterych obecnych principu ctj. fuzzy logika,

ctj data mining analyzovani zaznamu konverzací, analyzovani vztahu mezi lidmi / chovani strojove uceni? tyto principy mohou byt zakomponovane v nekterych konkretnich SW nastrojich vyse vyuzivani konkretnich znalosti v pripade ziskavani dat z hw znalosti o fungovani operacnich systemu obecne znalosti o sitich konkretni znalosti o ukladani dat na disk tyto veci mohou slouzit jako nastroje na ziskani dukazu.

zdroje dat / dukazu zpracovatelne pomoci pocitace vypisy z uctu/ ucetnictvi, verejne databaze vlastnictvi, socialni site, elektronicka komunikace z dostupnych zdroju, znalosti / fakta o konktetnich osobach... nezpracovatelne pomoci pocitace, nebo vyuzivajici specificke principy sveho vlastniho oboru tady myslim sbirani otisku prstu a podobne oblasti, ktere resi specialiste

The subbranches of digital forensics as well as the specializations of computational forensics play their own part in the investigation of complex cases. They are used to provide intermediate results for the investigation by answering closely specified questions. Some of these methods can also be used indirectly as functionalities provided by a software that is used in the investigation.

1.4 Types of investigation

Forensic auditor can be asked to investigate really wide range of types of situations. Basically any kind of suspicion on potentially bad behavior can be an impulse for investigation. However, not all kinds of crimes are of our interest. For example violent

crimes, cash theft, assault, robbery, rape, actual bodily harm and similar crimes are rather part of a detective work. Forensic auditors typically do not deal with such crimes.

On the contrary, fraudulent crimes are those ideally fitting for forensic investigation. There are many different kinds of fraud that forensic auditors deal with. To provide an overview of the wide range, these frauds can be classified into following three groups: corruption, asset misappropriation and financial statement frauds. These frauds are the most frequently investigated scenarios.

Corruption Corruption can be characterized as a misuse of status. The motivation behind corruption is a desire to gain money, material possession or other advantages. By extension an involvement in a corruption relationship is a sign of moral and ethical failure of individuals. Several specific kinds of corruption are bribery, acceptance of a bribe, extortion, misuse of power, misuse of information or conflicts of interest. Research shows that corruption is involved in around one third of all frauds. [8]

Bribery is an unauthorized advantage in form of recipient's behavior alternation in exchange for money, goods or other forms of recompense. On contrary to bribery extortion occurs when money or some action is demanded in order to secure particular outcome. Conflict of interest and misuse of power or information can be categorized in one group. In such situations fraudsters use their power to achieve personal profit without regard to their position responsibility. Consequently their behavior negatively influences the company which is giving them their power. For example a manager of local division of a company choose his friend to be the paper supplier even though that his price is significantly much higher than the price of other paper suppliers.

Asset misappropriation is the theft or embezzlement of company assets by directors, other fiduciaries or employees. Is by far the most common economic crime experienced by organizations reporting any fraud, with 69% of respondents suffering from it. [1] It happens when people who are entrusted to manage the assets of an organization steal from it. The stealing usually starts small and when perpetrators gain their confidence it becomes bigger. In consequence of this asset misappropriation can be a serious problem and can cause immense losses.

The specific kinds are cash theft, inventory theft or using company assets for personal purpose. Special sort of asset misappropriation is fraudulent disbursement, i.e. for example fictional billing or raising an invoice that is not in compliance with the field of the supplier's enterprise. An interesting particularity is that asset misappropriation is far more likely to be committed by individuals than by a group of perpetrators[4].

Financial statement fraud This kind of fraudulent activity is based on deliberate falsification of accounting records. It can include manipulation with expenses,

manipulation of revenue figures, overstating assets or improper disclosure. This is regularly done to give the budgetary proclamations a specific inclination, for instance covering liabilities to enhance any examination of liquidity.

[AJ] dilei otazky

Aside from investigations mentioned above forensics can be also used to help solving partial questions found in the process of investigation. Similarly in case of need to deal with partial issues such as file recovery a specialist in forensics might be asked for help.

1.5 How to prepare for a forensic audit

On the basis of what we have found the process of forensic audit works as follows. When it is decided that certain situation will be investigated in forensic audit it is important to prevent all investigated individuals to access all related documents and electronic evidence. It is also recommended to limit their access to corporate information systems.

Next step is to formulate properly the assignment. To define the extent and expectations on the outcome of forensic audit. To prevent a misunderstanding the assignment should be as specific and detailed as possible. It is best to choose the right audit company according to references and their experience with similar cases as the one we have specified.

When a client contacts an audit company with an assignment they usually schedule a meeting together, formulate sign and accept the assignment. The ordering party should be prepared to provide access to corresponding electronic and paper-like documentation as well as accept the fact that auditors are going to question employees and case-related person. On the other hand the audit company undertakes to refrain from sharing all the confidential information with third parties. A team of specialists that are convenient to the assignment is formed and the inspection is launched.

In some cases the extent of the order is quite complex such as investigation of processes in one separate division of a company or investigation of complex corruption crimes. Nevertheless there may also be much easier cases where the audit firm is asked only to recover certain documents, or to examine particular piece of hardware.

The following steps of precise methods of forensic audit are not definite. The ability to adapt in new situations is one of many essential capabilities for the team of forensic auditors. The variety of investigated cases is so vast that there is no universally valid and precise course of action in the same time. Therefore on this place we present only general methodology of forensic audit. Several selected methods of forensic audit will be described later in this document. [link na spravne misto!](#)

1.6 General methodology of forensic audit

In this section we present basic phases that are used while performing forensic audit. This process is most commonly divided into four stages: Accumulation, Examination, Analysis and Reporting. This basic methodology starts after the selection of the audit company and after the specification of the assignment; at the same time when the real work of forensic auditors begins.

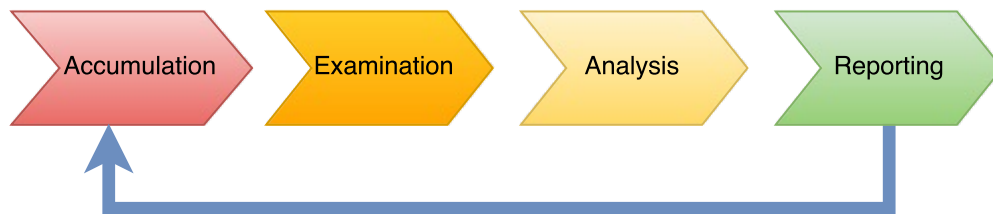


Figure 1.2: General methodology of forensic audit

Accumulation: The main purpose of this stage is to acquire as much usable data as possible. It means recognize possible sources of data and provide backup record. All the sources of data and information, including necessary cross examination and other sources of evidence, should be utilized in this phase. All the information from the conceivable sources of pertinent information should be gained.

Examination: Examinations include forensically preparing all the gathered data. This can be done using a blend of computerized and manual systems to survey and concentrate specifically compelling information.

Analysis: The following period of the procedure is to investigate the consequences of the examination, using legitimately reasonable routines and systems. The aim is to infer helpful data that addresses the inquiries that were the impulse for performing the accumulation and examination. grrrrrr...

Reporting: The last stage is reporting the consequences of the investigation, which may include depicting the activities utilized, clarifying how devices and methods were chosen, figuring out what different activities should be performed and giving proposals to change to approaches, rules, techniques, apparatuses, and different parts of the measurable procedure.

1.7 Use case diagram of forensic audit in general

As we see it there are three basic roles in forensic audit. A customer who wants a particular case to be investigated. The action of the customer is to assign the order to a audit company. A representative of the company i.e., for example, forensic auditor takes over the order and starts the investigation. The operations requiring specialized skills can be delegated to an expert from the proper field. Forensic auditors together with specialists then investigate the case and search for the evidence. In the end of the investigation the auditor reports the conclusion to the customer.

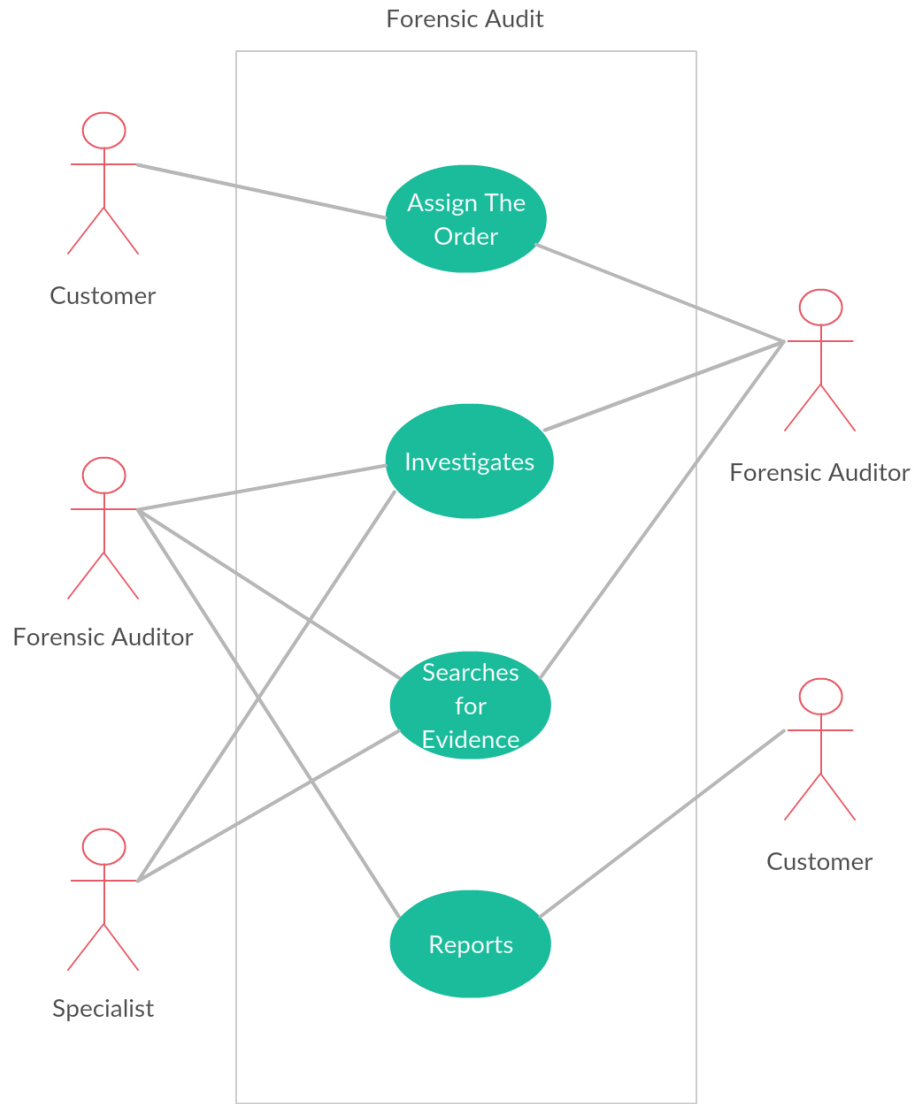


Figure 1.3: Use case diagram of forensic audit in general

1.8 co sem jeste zahrnout:

VIZE: Zbyte obecne druhy odhalovaneho chovani tak nejak rozdelit do skupin podle toho, jaky druh pocitacove podpory je obecne vyuzitelny. Pak se mozna pokusit k sobe priradit dany precin a metodu. Z metod nechci zminovat konkretni SW, ale spise obecne oblasti reseni - jak vyuzivame data mining, fuzzy logiku, strojove uceni (nebo alespon co to je a ze se take muze vyuzit), kvantitativne analyticky SW, forenzni toolkity na obnovu dat a podobne.

Priklady

- Pan X, reditel ceske pobocky mezinarodni firmy

o ma bratra, který mu dodava papir 500 Kč za balik.

- Pani Y, ucetni spolecnosti

o zauctuje falesnou fakturu na zalevani kvetin ve vysí 20 000 Kč (s vedomim pana Novaka)

- Pan Z, spravce budovy

o zamestna na parkovou upravu pred spolecnosti firmu, která mu stavi rodinny dum

Typy problemu

- Predrazene dodavky

- Fiktivni faktury

- Nesoulad podnikani dodavatele a faktury

- Paralelni spoluprace

Chapter 2

Original methodology for a computer aided forensic audit

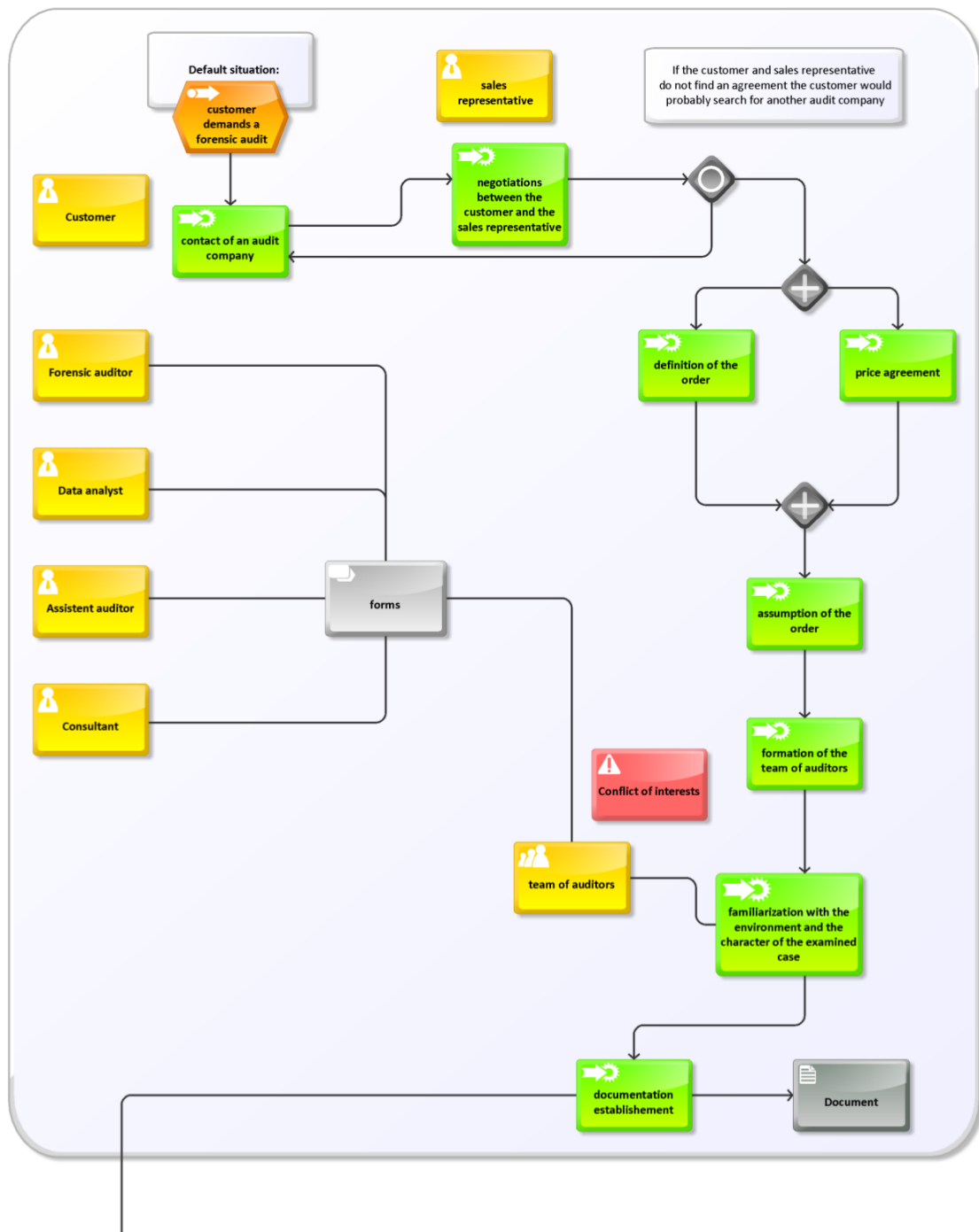
We are aware to have only limited knowledge of forensic audit and no practical experience. This chapter should not be considered as a manual explaining how forensic audit should be done. However, this is rather a serious attempt to describe the process of forensic audit.

2.1 Preparation of the process of forensic audit

Before the process of forensic audit starts there is a block of organizational or administrative affairs that needs to be done. It all starts in an institution where there is a suspicion of an act which is not following required rules. The institution can be of various kinds. For example it can be an international corporation suspecting one of its local branches of a money leakage.

The rules might be either internal regulation, corporate policies or even law. Basically suspicion of any kind of misbehavior can be investigated by forensic audit. Given the background of the case, the ordering party might also be from various branches of economy. They usually suspect possible internal or external risks that can be represented by fraudsters or people committing some other type of crime. Generally the ordering party is the head of a given company. Some specific cases are: CEO of certain company, new holder of an existing company, authorized representative of a supervisory board etc.. However, forensic audit can be also assigned by a court or the police.

After the decision to perform forensic audit the ordering party contacts the audit company and they negotiate with a business representative about the sphere of the contract, price and deadlines. If there is no agreement it is probable that the ordering party contacts another audit company. It is important to familiarize the ordering party with the fact that while conducting forensic audit the auditors might need access to various confidential information concerning the ordering company. On the other hand the audit company promises to manipulate with this data in a protective

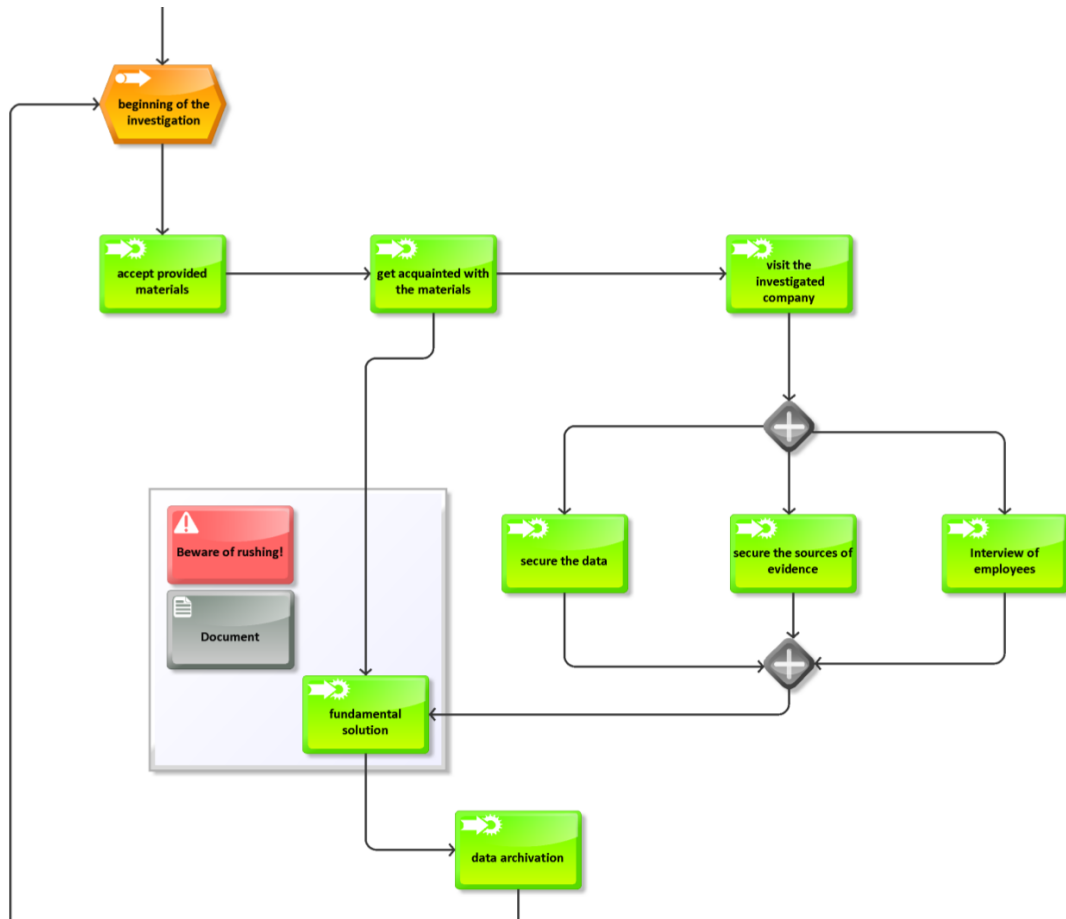


way and not to expose it to the risk of misuse. If all parties agree with the conditions the contract is made and the case is accepted.

The audit company has a team of specialists established according to the character of the case. It is important to be aware of conflict of interest in this phase. Members of the team must not be related in any way to the original case. Members of the team can be forensic auditors, data analytics, specialists in any particular field (biometry, data recovery, criminology, law, etc.), consultants and assistants.

When the team of auditors is established the next step is to create a document for record of the investigation. It also serves as documentation. It is also common to create a nickname for important subjects and for the case to provide security of the confidential information. This is the end of all the administration that needs to be done before the actual forensic audit.

2.2 Accumulation of data



In the beginning of the investigation the team needs to gain an insight into the background situation of the case. They can learn it from the materials they have been provided with the client. An appropriate strategy for investigation is created. It means that all the relevant methods are taken into account of and the best ones are chosen.

In all the cases it is important to secure all the documents, data repositories and all other possible sources of (digital) evidence. No unauthorized person is allowed to manipulate with any possible evidence. For this reason a backup of all the digital data is made. According to a FBI statistic the average investigated case size is approximately 500 GB. [5] In fact there are usually two copies of the data. The first is only for backup and the second can be used for analysis and other work with the

data.

The investigating team needs to evaluate all possible available sources of important information, access and gain the data. If the case is somehow special an expert might be needed to be authorized to collect specific pieces of evidence. An example could be a case in which a fingerprint recording is needed.

It might be useful to visit the workplace of the investigated company and check if there are some other possible sources of evidence. After having all the data secured it can also be beneficial to perform a cross examination in some cases . It can even be done by mere conversation with involved persons, but the dialogue should be recorded.

It is possible that already in the end of collection of data the forensic audit team has a idea or even hypothesis about what happened in the case. Having this idea might be useful in further investigation. On the other hand auditors should beware of jumping into conclusions. All the actions and also any potential hypothesis should be documented in the case documentation.

2.3 Examination

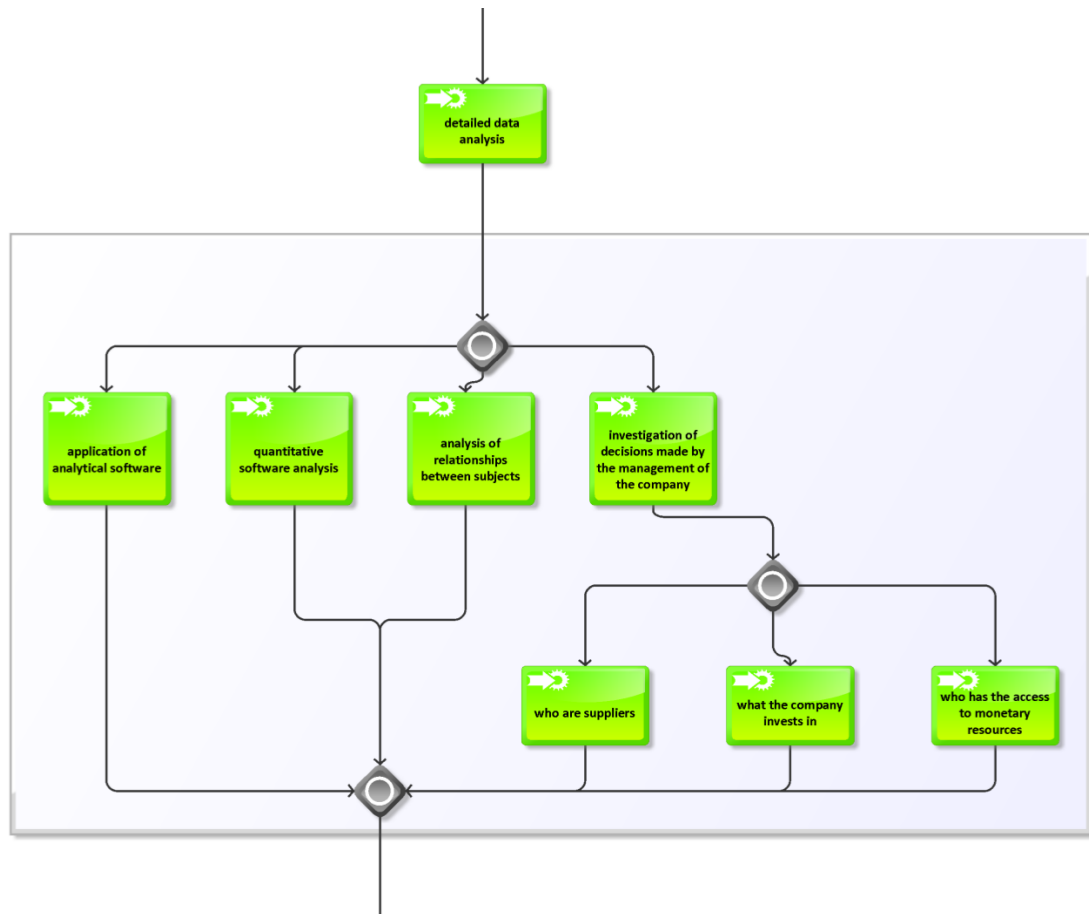
The examination phase comes when all the data is collected. Methods of examination are very different according to the character of the case, the sources of data and also the field that is investigated.

In the examination phase it is necessary at first to assess the data and mine the relevant pieces of information from all the collected data. It starts by identification of the data files that contain information of interest. Forensic auditors must not be discouraged by the size of data. After those files are identified it is often demanded to filter the extraneous information and leave only the coarsely filtered data.

2.4 Analysis

The most extensive part of the investigation comes after the data is pre-filtered. The aim of analysis is to study and analyze the data to draw conclusions from it or to determine that no conclusion can be drawn. By the end of analysis most important subjects, events, people, and people and relationships between them should be recognized. In order to find the conclusion it is required to unite information gained from multiple sources of data.

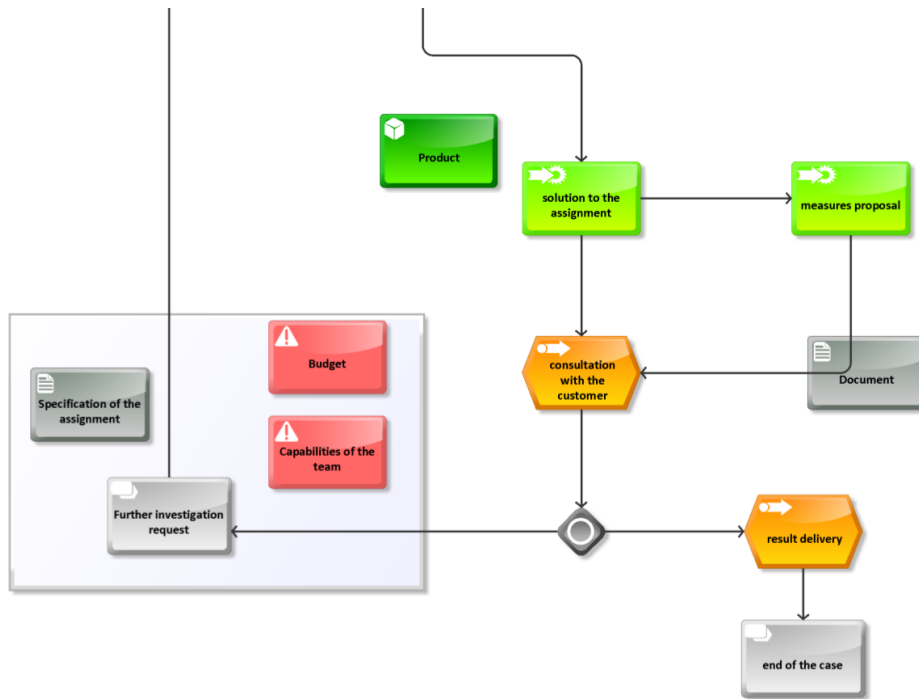
However first of all specific sources of data need to be analyzed by a competent specialist to obtain the information hidden in the data. For example, provided that a file contains billing data, the task is delegated to accountancy specialists. They can use appropriate accounting software or extract only data of particular interest and use some quantitative software. If the data contain log files or deleted files it is a job for information technology specialists to recover or examine the data.



Some of the methods the team of investigators might use are: quantitative analysis, analysis of relationships between persons, making use of analytical software. In case of suspicion from corruption an investigation of decisions made by the management of the company might be needed. Investigators might pose questions similar to following: Who are the suppliers of the investigated company? In what business the company invests and who makes the decisions about it? Who does have an access to (financial) resources?

There might be cases when specialists in various sub-branches of forensics might be needed. Even an external company might be hired to solve a particular problem. Examples of auxiliary specialists can be experts in computer forensics, forensic dactylography, digital forensics, forensic biometry, forensic psychiatry, forensic linguistic etc. According to opinions of all available experts the situation in the case is gradually revealed.

All the steps taken in the analysis result in understanding of the situation in the case. A verdict is pronounced according to the information investigators gained and it is retrospectively supported by the data collected in the beginning of the process.



2.5 Reporting

After having investigated the assigned case the team of forensic auditors has some results to show. Either they have found what undesirable actions happened or there might be cases when they have not discovered any signs of such behavior. In both cases the results are presented to the ordering party.

There are multiple possible results of previous investigations. Basically either a suspicion has been confirmed or it has not. If the investigation discovered a crime the exact methods that lead to the discovery must be mentioned in the report together with the evidence supporting the result. The report should clarify if there is enough evidence. If there is not enough evidence the type of data needed to prove the result should be described and reasoned. The explanation why there is no evidence yet should be also given.

If no crime has been discovered in the reporting stage, it still must be explained in the report what data has been investigated and how the investigation was conducted. Everything that has been found out about the case should be presented in an appropriate form. Special effort should be made in presenting possible alternative explanations. One of them might be that there has not been enough time to process all available data. In that case it leads to a customers decision. They decide whether they want to continue the investigation in more details or whether they are content with the result and they already believe that no crime has been committed. This situation is very case-specific.

According to the result of the investigation several additional information might be suggested. This might be for example an advice about subsequent actions preventing

repetition of the undesirable behavior. While investigating a case forensic auditors might sometimes discover a completely new problem in the investigated company. This additional information should be also included in the report.

The actual reporting is affected by many factors. When preparing the final presentation these factors should be considered. First, the presentation should be prepared with regard to the audience the speaker is going to have. The extent of professional details regarding the methods used in the process should be adjusted to the anticipated knowledge of the audience. However, if asked, the speaker should be prepared to explain the details. The presentation should be easily comprehensible and explain everything discovered in the investigation.

One part of the report can be focused on alternative explanations of what happened. This may happen if the information that has been found about an event is incomplete. Alternatively it may happen if there are more plausible explanations about what happened. Each of these explanations should be analyzed in the previous phase and an attempt to prove or disprove them should be made.

Besides an oral presentation the output of the assignment should be also a written document describing all the important facts about the case. This document should be handed over to the ordering party and should contain:

- information about the agreement between the two sides,
- list of sources of evidence in the investigation,
- description of methods used in the investigation,
- the sequence of important evidence found in the data,
- explanation of the evidence,
- summarization of what the evidence results in,
- recommendation on how to prevent similar future situations,
- optionally suggestions what steps should be taken to improve the current state,
- conclusion of the case.

In the end of the reporting stage the forensic audit is either concluded or a decision on further investigation is made and precise conditions specified. Forensic audit is concluded if the particular crime has been revealed and evidence supporting this is found. Alternatively it might be concluded if all the information about the case suggests that no crime has been committed. Another possibility is when the ordering party for some reason does not want to continue the investigation.

On the contrary if there is still a suspicion that a crime has been committed the investigation might continue after reporting stage. This can happen if a suspicion on a new crime has emerged. The investigation also continue if it is expected that the evidence supporting the crime might be found soon if given more effort. If decided so, the investigation might continue from any of the previous steps forwards.

2.6 Work following after a forensic audit

When the process of forensic audit ends both the ordering party and the audit company do a follow-up work. The ordering party usually uses the results of forensic audit for their own benefit. They can use the evidence gathered during the forensic audit in court of justice. They can also use it to prevent similar scenarios from happening or eliminate the source of this behavior. This can mean to fire an untrustworthy employee or change the rules or internal policies.

Follow-up work in the audit company applies mainly to extension of experience and expert's opinions in the audit company. Such company usually has more than one team and works on multiple cases at the same time. Improving their knowledge is an important part of their development. On the other hand the audit company must respect confidentiality of the information about the case and guarantee its unconditional anonymity.

Chapter 3

Related methodology and specific requirements for forensic audit

tato kapitola by asi mela obsahovat odvodnene pozadavky na vlastni metodiku, pouzitelnou ve FA s ohledem na ostatni pristupy a metodiky

3.1 Related methodology

3.1.1 Project management in general

Project management in general can be used in forensic audit when we see forensic audit itself as a project. The aim of the project is to resolve a given situation. There are multiple techniques for managing project activities in order to achieve specific goals and meet specific success criteria. One of the commonly used techniques is a network analysis. This technique is based on the fact that typically all projects can be broken down into separate activities and precedence relationships. <http://people.brunel.ac.uk/~mastjjb/jeb/or/netanal.html> The precedence relationships describe the fix order in which the activities may be performed. The aim is then to plan the activities so that the success criteria could be met.

Essentially all the activities needed for the project to be finished are listed and then the time for finishing each one of them is evaluated. After that all the limiting conditions on the order of the activities is described. It means to state which activities must be completed before this one starts. Subsequently we get a list of immediate precedence relationships between activities. Sometimes a sequence of activities needs to be repeated in several iterations. Then we need to guess **odhadnout?** the number of iterations.

Once we have the activity list and precedence relationships we can compile a plan how to proceed from the start to a successful completion of the task. This can be done by creating a network diagram.

3.1.2 Obecné zpracování objednavky (zde je objednavkou FA projekt)

DOTAZ: Jak je tenhle bod myslen? Nejak nerozumim...

Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

3.1.3 Six Sigma

<http://www.sixsigma-iq.cz/COJESIXSIGMA.aspx> Six sigma is an example of strategy management which is used in several branches of industry. It is a complex management method or rather management philosophy focused on continuous improving of efficiency. The main principle is based on improving the quality of the output by removing causes of defects. One of Six Sigma methodologies is DMAIC which is an abbreviation of following key words: Define, Measure, Analyze, Improve, Control.

3.2 Specifické požadavky pro FA

Fraud and Forensic accounting in digital environment - zdroj,
data mining for fraud, advanced statistical methods

Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

3.2.1 Zohlednění rizik

Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some

nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

3.2.2 Zohledneni ruznych dat

Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

3.2.3 Zohledneni ruznych zpusobu zpracovani a intepretace dat

Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

kde je potreba volnost/ flexibilita a kde standardizovanost?

Chapter 4

System Requirements

4.1 Motivation

In the end of most kinds of investigation there needs to be an examiner, an auditor or generally an intelligent person, who would understand what happened in the case. Their aim is to ascertain who is responsible for it. In this situation the examiner usually already has some outputs from some software, for example from software described in ???. However, the situation may be quite complex and the examiner may be using more than one piece of software in this stage. The inspected period of time can be also relatively long. Altogether it can cause difficulties, make the task harder and as a result prolong the time of investigation. Our application should help forensic auditors, to see what was happening in the case during the examined period of time. This application should provide the possibility to see the big picture and so help with the investigation.

The end of the investigation is also specific in the aspect that there are not so many subjects that play the main role in the case. Usually the most important participants are already known. This application is ideal for a situation where there are approximately five to fifteen subjects. It is possible to process the database where there is much higher number of subjects. Examines, e.g. users can adjust which subjects they want to track. This application can be useful when a fraud is being uncovered, when some of the subjects pursue a corruption practice and also in other similar scenarios of a similar kind.

The system should allow the auditor to replay and visually show what was happening during the investigated period.

4.2 Graphical User Interface

We have decided that the scheme of graphical user interface of our program will be as shown in figure 4.1. The main and most important part of the area of the application should be the middle frame. This frame should contain one dot for each

subject of our case. These dots will be in a circle by default, however, the user should be able to move them freely in the frame area. The visualization should also be later replayed in this place. This visualization is the bigger picture that the application should provide to the user.

As shown in figure 4.1 there should be a time axis under this panel with a slider and play/stop button. After clicking the play/stop button, the main action of this application should start. In the middle frame the dots representing the subjects should each display an activity every time the subject is involved in some event. The application should process activities which are mentioned and explained later on.

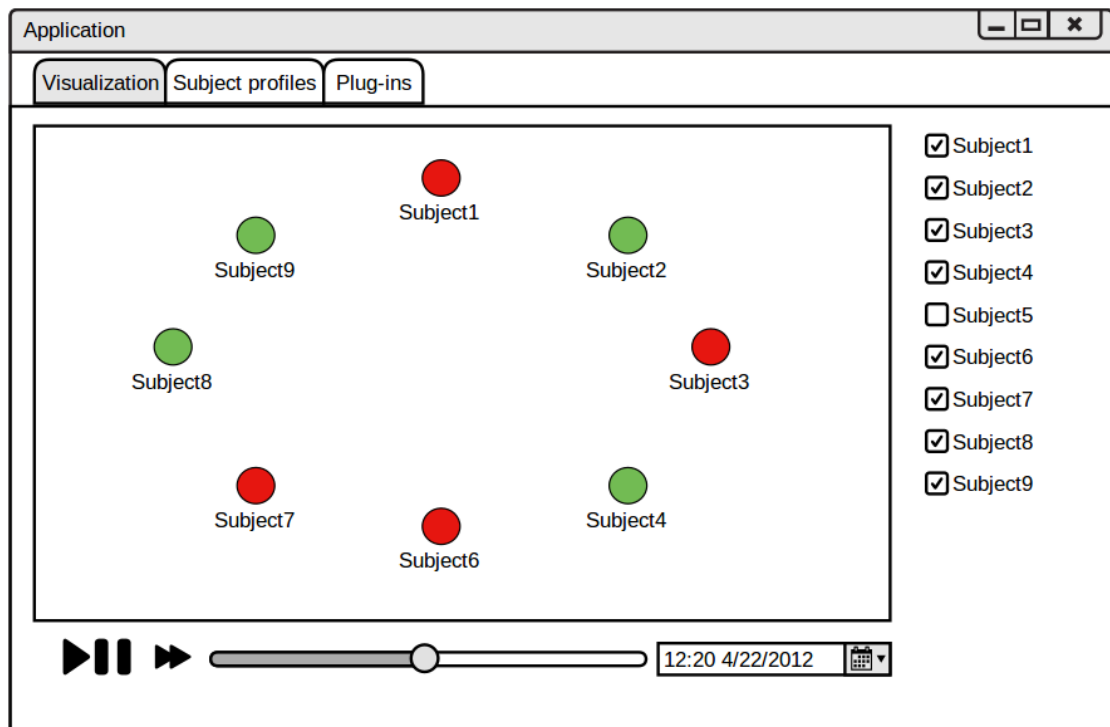


Figure 4.1: GUI Scheme

4.3 Activities of the application

Selecting subjects Users should be able to select whatever subset of actions and subjects they want to replay in the animation of the case. After uploading the data, the application should generate names of all subjects and next to each one of them a check-box widget. Users should have the possibility to choose from them. Generally it would also be good to provide a possibility to choose a subset of all events directly from our database using a SQL query.

Adjusting the time period Under the animation frame there should be a scroll bar and a field indicating the corresponding time and date. Users should be able to move the scroll the bar below the animation frame manually and this way to travel in investigated period of time. At each point the corresponding scene should appear in the animation frame. The time should also be adjustable manually in the field that indicates corresponding time and date. After clicking the Play/Stop button replaying the visualization from this time further should start.

Visualization After clicking on the button play/stop the animation of the scene should start replaying. The program will go through the database of events that the subjects did and for each event a spot representing the subject will change its color for a constant time period. If user stops (pauses) this playback and then starts it again the animation should continue from where it stopped. There should be a possibility to adjust the speed of replaying the case.

Modes of replaying The application should provide two modes of replaying. First mode should be replaying according to the real time. Between every two events there should be the same proportion of time with regard to the time in reality. The purpose of this mode is to give the forensic auditor the idea of the time flow in the case. Second mode would serve as a quick replay of events. The period of time that has passed between every two events should be represented by a constant period of time in the visualization. The speed of time flow while replaying should be adjustable in both modes.

Subject activities The application should distinguish between several types of subject activities as shown in following overview.

Activity: There is currently no Event involving this Subject.

Action: The color of the dot representing the subject is red (Fig.4.3)



Subj5

Activity: Subject is doing something e.g. subject is causing an event

Example: Subject4 is buying a new yacht.

Action: The color of the dot representing the subject changes from red (no action) to green (indicating activity). After a globally adjustable time period the event the color of the dot changes back to red. If we have details about this event a small icon appears above the dot revealing details of the event.

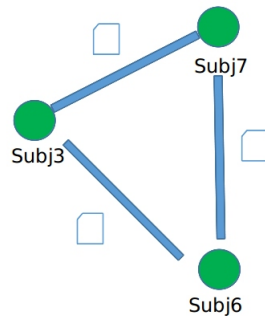


Subj4

Activity: Subject is causing an event related to another subject.
Example: Subject1 transfers some amount of money to Subject2's bank account.
Action: The dot of the active subject changes color to green and a arrow from the active subject to the related one appears. After a globally adjustable time period the arrow disappears and the color of the dot changes back to red. If we have details about this event a small icon appears above the arrow. After clicking on it the icon reveals details of the event.



Activity: Several subjects are part of a event together.
Example: Subject3, Subject6 and Subject7 have a business meeting together.
Action: All dots representing corresponding subjects change color and a line connecting them together appears. After a globally adjustable time period all the dots are in default state (red color, no linking). If we have details about this event a small icon appears above the arrow. After clicking on it the icon reveals details of the event.



4.4 Data

The application should process data from very different sources. Since the application shall be used in last stages of forensic audit we expect that the data might be pre-selected by some quantitative or analytical software. Even though the application should not be limited by the amount of data, average usage is expected to work with the order of hundreds of events. Visualization of more events may not have the effect to help understand the situation. However, the application should be able to hold much more data in the database so that the forensic auditor could select form them.

Since there are many sources of data of different structure in forensic audit, our application is expected work as a superstructure with the purpose of the data projection only. The application should use data inserted to the application by various plug-ins. These plug-ins should transform the structure of data stored in the source

(for example, instant messenger, email, accounting system, data from social networks etc.) to the data format used in our application. This two-layer division is chosen as it is easily expandable and universal. This project describes a standard interface for communication with these plug-ins.

Even though the implementation is not part of this project and the aim of this project is only to design the application, the design should be precise enough to make the implementation easy.

4.5 Example case

The action of this application may be represented in following example case. Let us presume there is a company named "XYZ" where some money is missing. However, we are aware of those specific employees, of that certain enterprise, who have direct access to the company accounts. We also know the certain managers that are responsible for the company investments. Moreover, there are business partners of the company and also some regular employees such as workers. This case of money being disappeared has occurred during the period of 6 months.

Forensic auditors receive the data from internal email, IM, telephone communication, from internal accounting system and is aware of the business operations of the company. They have also investigated information on the Internet on social sites. After accumulating all the data they use some analytical or quantitative software ?? to discover the abnormalities in the accounting evidence. The rec SW recognize various connections between some of the subjects (common after work activities, common interests etc.). They have enough input, but still they need to find out what exactly happened.

Forensic auditors decide to make use of our application for the investigative procedure. Firstly, they load all the outputs to the application and then they replay the events that happened during the last 6 months. Our system gives them an opportunity to deselect some subjects that seem to be irrelevant. They can also select the set of information for replaying via SQL query, i.e. the forensic auditor may arbitrarily replay those specific events that they demand.

Chapter 5

Design

This chapter deals with the design of the information system. Approaches to the implementation of requirements on the system stated in 4 are described here. We also provide a discussion about technologies useful for implementation and the description is accompanied with diagrams demonstrating the design.

5.1 Application

The architecture of our application will be based on two fundamental parts. One of them will be collecting the data we will use and the other will display them to the user. From now on we will call this the *Collector* and the *Displayer*. This is a useful division because it simplifies the design and also keeps it easier to maintain. The aim of the *Collector* will be to transform the data from various sources to the format of data our application will need.

There are numerous types of sources of data that can be used as evidence in forensic audit. The data can differ in inner structure and also in the content. Examples of this diversity are IM messages, pictures, GPS coordinates, audio-video files, emails logs of network activities, public information from social sites and internal company management or accounting system.

In the best possible case our system is able to work with all of them, however we exclude from these sources pictures and the audio-video material, because this material does not need visualization. Nevertheless, our system is able to process the information this type of material contains, in case that it could be converted to the basic structure of our application, which will be described later. The task to provide this functionality is assigned to the *Collector*.

Each of the previously mentioned type of source of data is somehow specific. Thus we need a specific solution for each one of them. This is an ideal job for a plug-in architecture.

Plug-in is a piece of software that does not work separately, it only extends the functionality of the application. The application usually provides an Application

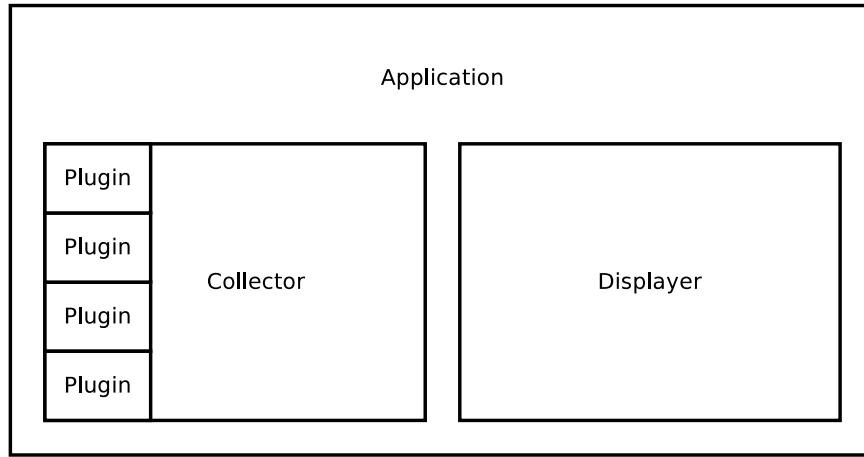


Figure 5.1: Architecture of the application

Programming Interface (API) so that the plug-in extension could communicate with the application properly. In case of this application it means, that for each source of data there will be a specific plug-in, that will be modified specifically for the format the source file is saved in. The purpose of the plug-in will be to read the source files and prepare the data for the *Collector*. The collector than saves it to the database. Finally the *Displayer* will access the database and provide the visualization of the case.

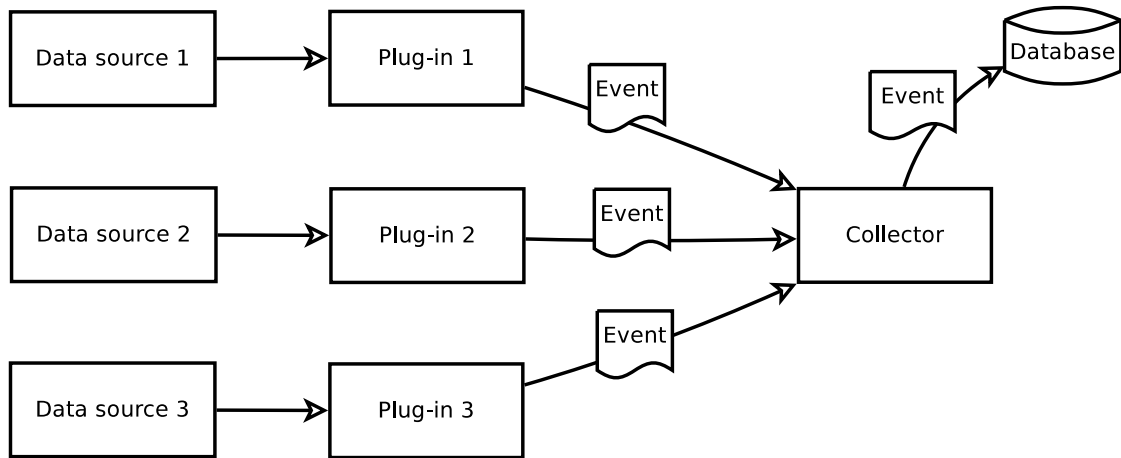


Figure 5.2: Collector

5.1.1 Database

Entity *Event* The database model of our application is based on a entity called *Event* and several other entities. The Primary UID of *Event* is Integer ID, then it consists of one mandatory time-stamp that indicates the time this event occurred and also the time of start if the event was long-lasting. We need to distinguish between disposable events and longer lasting so in there is a mandatory boolean attribute *LongLasting* playing the role of a flag. If this attribute is true, another time-stamp

attribute indicating the end of the *Event* is to be filled in.

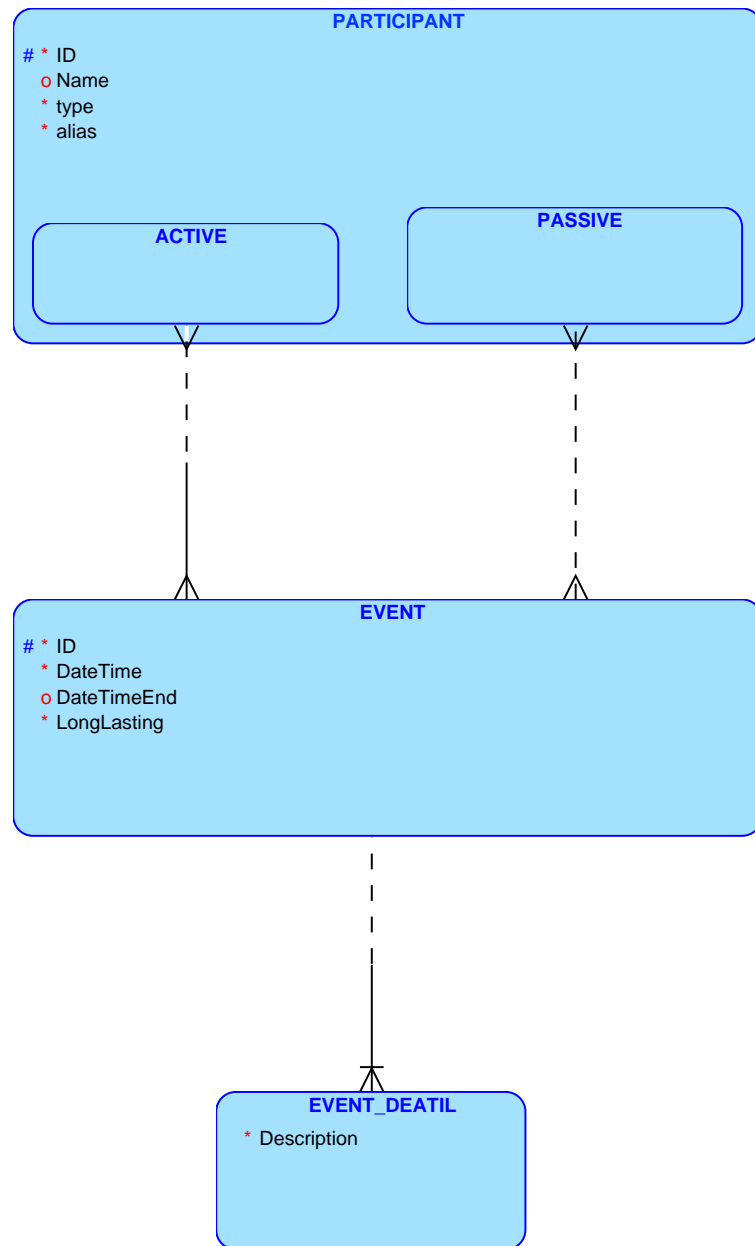


Figure 5.3: Logical model of the database

Entity *Event_Detail* We have prepared a entity *Event_Detail* in case there would be some other details concerning the *Event*. This entity is in a 1:n relationship with *Event*. It means, that if we will need, there can be more details concerning *Event*. *Event_Detail* has only one mandatory attribute called *Description*, that is prepared for 128 characters of text. For *Event* the relationship with *Event_Detail*

is optional, however, for *Event_Detail* it is compulsory and the ID of *Event* is its a foreign key.

The data we expect to use as a source should also contain information about the subject causing the event. For the subject we have a special model. Before describing it, let us explain why we need it. We cannot be sure what sources and what information concerning the subjects we will get. Our source files should primarily contain logs of various kinds of activities, not only logs of one subject. Because of this we cannot easily connect actual person with events. The identifier of the subject can be of different kind in different sources. For example while email clients are identified by email address, e.g. series of characters, users of IM messengers are identified by ID number, but the number is definitely not the same as the bank account number. Still one subject can be identified by all of these manners.

For this reason we decided not to deal with merging these various accounts of one subject in the database. This will be done later by the *Displayer*.

Participant In our database model we now establish a entity *Participant*. The primary key of this entity is a integer ID, and next optional attribute is a 36-char-long *Name*. This attribute is prepared for the case that the name of the participant would be stated in the source. For actual information about the source we prepare two extra mandatory attributes. The first, called *type* is designed to inform about the source of data the particular information came from. The second one is called *alias* and it is an array of 32 characters prepared to store the original identifier of the participant.

The entity *Participant* contains two other entities called *Active* and *Passive*. Each one of them has the entity *Participant* as its superstructure. The relationship between *Participant* and *Event* is arranged via these two entities. Both these relationships are of m:n type. The only difference between them is that for the *Event* entity the relationship with *Active Participant* is compulsory whereas with *Passive Participant* is optional.

This model enables *Events* to have more *Participants*, but forces the *Event* to have at least one *Active Participant*.

5.1.2 *Collector*

The next section focus on the *Collector* part of the application. Before we start let us mention that the aim of the *Collector*. The main purpose is to provide a interface for inserting data to the database and managing the plug-ins that trans the source to our purpose. The *Collector* has its own GUI that enables user to choose from existing plug-ins or add a new one. The GUI saves the configuration to a configuration file and then hands it over to the *Collector*. The *Collector* provides the user the possibility of selecting and running the plug-ins. Each plug-in have its own GUI so that the user can specify any information needed for the run of the

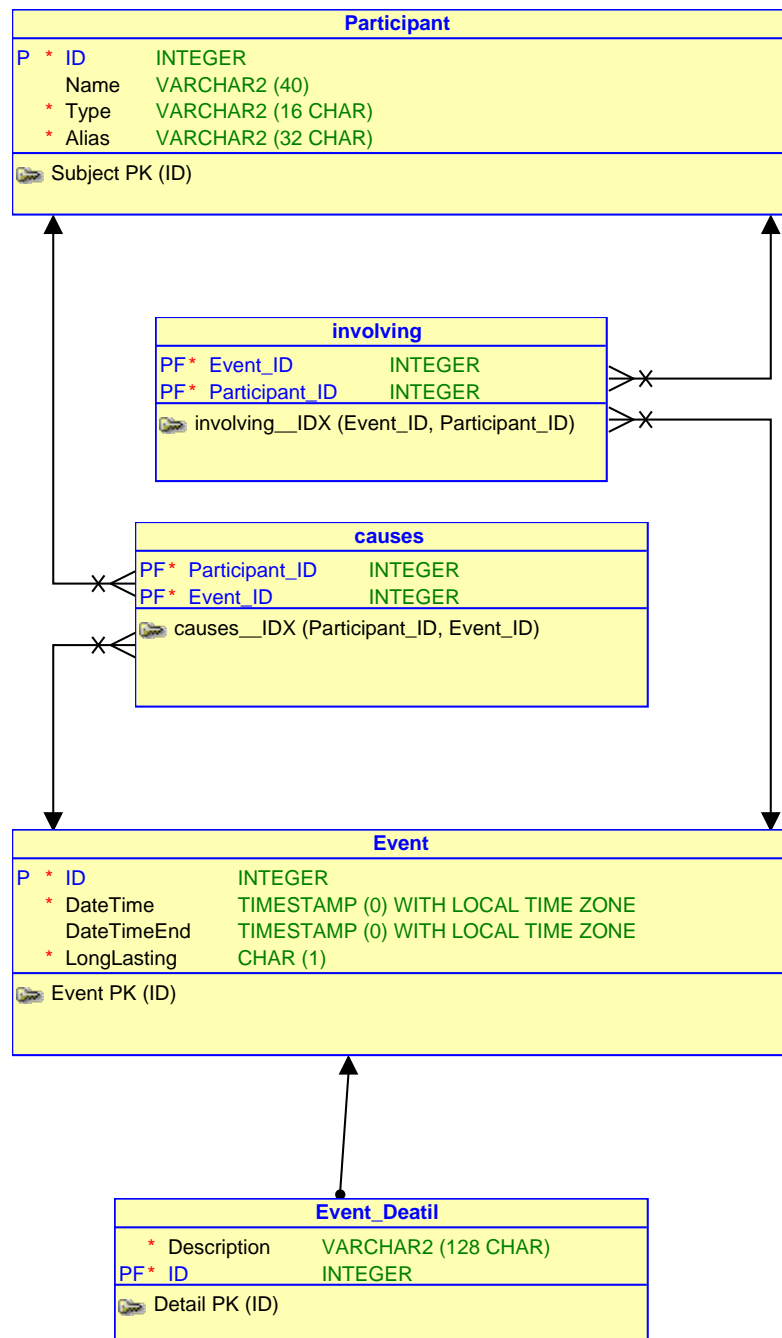


Figure 5.4: Relational model

plug-in (such as the path to a file with the source material).

The *Collector* also manages the plug-ins added to the application. It means that it has a configuration file where all paths to the plug-ins are saved together with short clear description of the source.

The key API that the *Collector* provides to the plug-in is the access to the database. The plug-in load data into the tables and the *Collector* pushes the data into the database. Each plug-in only process the source file to the data model, create a SQL

query and fill in the database. Note, that this application is expected to process data of a text character only. The application is not prepared for mining data from files of multimedia character unless the content is described in a structured text containing the date and some information identifying the related subject.

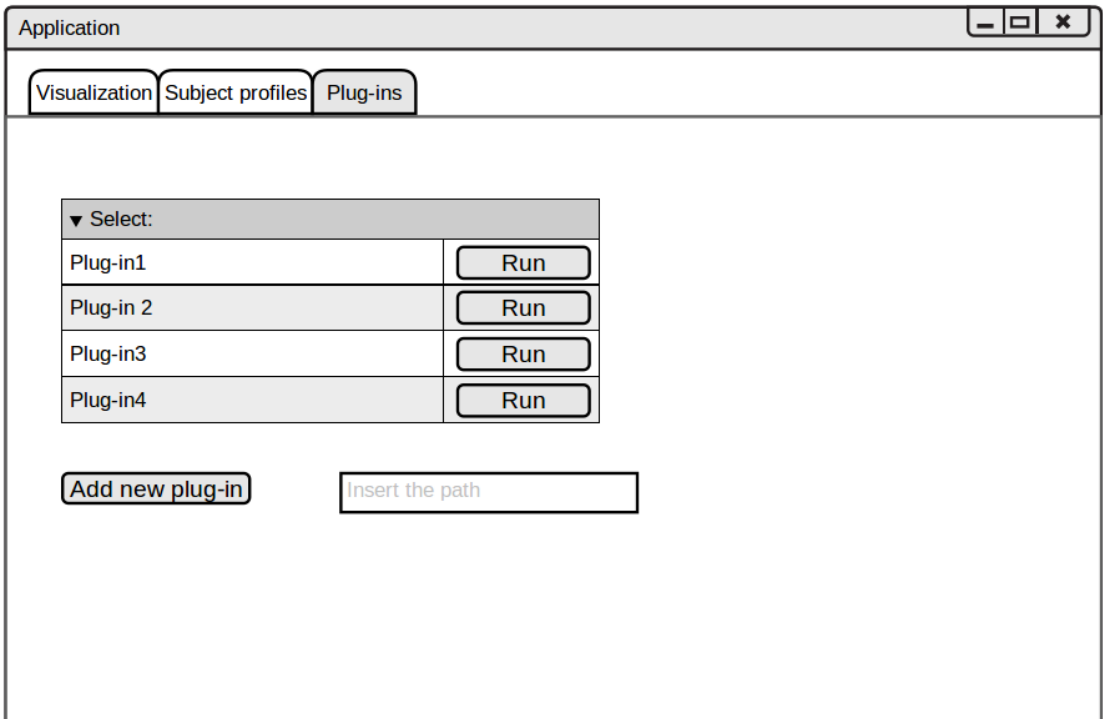


Figure 5.5: Graphical user interface of the plug-in manager

5.1.3 *Displayer*

The main purpose of the displayer is to visualize the data saved in the database. To be able to do this, it is necessary at first to deal with the problem of multiple *Participants* in the database that all mean the same *Subject*. We overcame this obstacle easily by creating a table for *Participant* unification to *Subjects*. However, because of the essence of the data we are working with and the general purpose of our application, we can not try to guess which *Participants* belong together. Therefore there is a special form helping the auditor unify them to subjects.

Sample form is shown in the figure 5.6. In the left table there is a list of existing subjects. The user can add new subject easily by filing in the name and surname, or simply by clicking on the "Create subject" button. Auditor can also remove a subject by clicking on "Remove subject" button or edit name or surname of subject by clicking into the table. The *Displayer* creates a table containing the information about this mapping. When replaying the displayer uses these information to identify the correct events for each subject. The data model shown in picture 5.7 indicates that each *Subject* can have many *Participants*, but each *Participant* can have only

Application

Visualization Subject profiles Plug-ins

Name

Surname

Subjects:

| ▼ ID | ▼ Name | ▼ Surname | |
|------|---------|-----------|----------------------------------|
| 0001 | John | Smith | <input checked="" type="radio"/> |
| 0002 | Tony | Hernandez | <input type="radio"/> |
| 0003 | Cell 8 | Cell 9 | <input type="radio"/> |
| 0004 | Cell 11 | Cell 12 | <input type="radio"/> |

Participants:

| ▼ ID | ▼ Type | ▼ Alias | ▼ Name | |
|------|--------------|------------------------|--------------|-------------------------------------|
| 0511 | email | john@smith.com | John Smith | <input checked="" type="checkbox"/> |
| 0512 | bank account | 000022355034922 | Jack Sparrow | <input type="checkbox"/> |
| 0513 | phone | +420 222 404 040 | | <input type="checkbox"/> |
| 0514 | email | lazershark@hotmail.com | | <input type="checkbox"/> |
| 0515 | device18 | 330250-w9r2 | | <input checked="" type="checkbox"/> |
| 0516 | source4 | 404KPBF09112 | | <input type="checkbox"/> |

Figure 5.6: Form for unifying *Participants* to Subjects

one *Participant*.

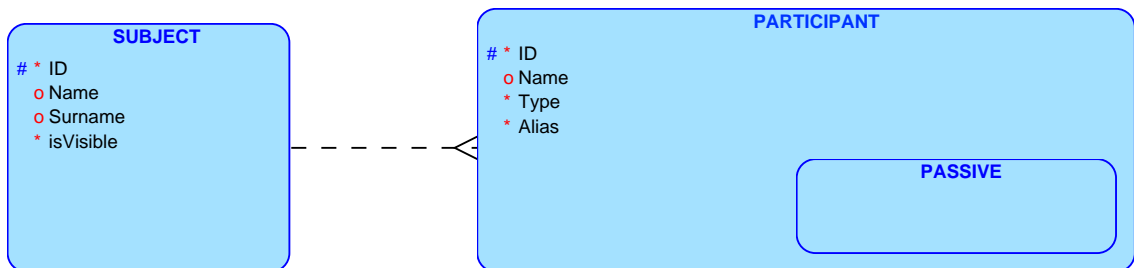


Figure 5.7: The relation between *Subject* and *Participant*

Now we can focus on the most important function of the application. We have a background for the visualization in the above modeled database. In the initialization part the *Displayer* generates names of all the known *Subjects* and places a checkbox next to each one of them. The state of the checkbox tells us whether we want to include the related *Subject* in the visualization.

In the next step the *Displayer* enters proper SQL query. IDs of the subjects are replaced by the entire group of *Participants*. We then search in the database for all *Events* whose starting time is later than the date selected in the visualization tab and at the same time the some of the *Subjects* takes part in it. We also search for *LongLasting Events* that ends after the current time. The result of the selected *Events* is then replayed by time.

The process of replaying has a small obstacle concerning various animations in different cases. These differences are:

1. If *Subject* does not take part in current *Event* it is displayed as a red dot.
2. If *Subject* takes part in a *Event* alone it is displayed as a green dot.
3. If *Subject* causes an *Event* the color of the active *Subject* is green and a arrow aiming at the passive *Subject* is displayed.
4. If more *Subjects* actively participate in one *Event* they are all displayed in green color and a line connecting them together is displayed between them.

The solution for the first and second case is trivial. The color of all *Subjects* is red by default so only if we run into a *Event* where a subject takes a part we change the color for a constant period of displayed time. If the *Event* has a passive *Participant*, as described in third case, we draw an arrow from the active to the passive *Subject*. Similarly, if the *Event* has more *Active Participants* the line between them is drawn.

All these situations are easily recognizable using SQL queries.

5.1.4 Discussion

Database We recommend to use the Oracle database. The main reason is that it is one of the fastest and safest relational databases. Moreover it is a relational database so we do not make any platform - specific choice. If it would be necessary since it is a relational database it could be replaced for any other relational database and the Oracle Data Modeler is also very easy to use, we have already some good experience with it.

Open Database Connectivity Open Database Connectivity (ODBC) is a standardized software API that enables the access to database servers. The aim of ODBC is to provide an access independent on programming language, operating system or the database system. We recommend to use this technique while implementing this application.

We would also recommend to use the C/C++ programming language. The Qt library can be used for implementation of the GUI of this program.

Further improvement Follow-up work would definitely include the implementation of the designed application, testing and hands-on experience with real data. Mainly real-world use will show deficiencies, if any, and provide necessary insight for modifications and extensions.

Chapter 6

Discussion

6.1 Further improvements

- pokryt dalsi administrativni casti (zacatek, konec)
- detailnejsi navrh a implementace modulu
- detailnejsi osetreni rizik (napriklad zastreleny auditor)
- zamysleni nad sdilenim zkusenosti (duvernost vs. rust expertyzy auditorske spolecnosti)
- vyuziti mimo FA - jina administrativa + moduly pro vyuziti policii / soudy

pouzitelne technologie!

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Attachment A

Contents of the CD

The text of this bachelor project in pdf

The text of this bachelor project is saved as `BP_Peskova.pdf` in the root folder.