



IV Semester M.Com. Degree Examination, August/September 2025
(CBCS Scheme) (2021 – 22)

COMMERCE

Paper – 4.2 : Forensic Accounting and Auditing

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any seven** out of ten. **Each** question carries **two** marks.

(7×2=14)

1. a) Give the meaning of forensic audit.
- b) List any two different types of frauds with examples.
- c) Who are fraudsters ?
- d) State any four fraud detection techniques used by professional accountants.
- e) Mention any three common traits found in fraudsters.
- f) State any two benefits of forensic accounting.
- g) What is fraud risk assessment ?
- h) Name two types of red flags that may indicate the presence of fraud.
- i) Mention any two Computer-Assisted Auditing Tools (CAATs).
- j) What is internal fraud ?

SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks. **(4×5=20)**

2. Explain the role and responsibilities of a professional forensic accountant in investigating corporate fraud.
3. Illustrate the fraud cycle with a practical case of bank fraud.
4. Examine the effectiveness of professional analytical procedures in detecting revenue recognition fraud.
5. Apply profiling techniques to identify a fraudster within an organization.

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6. Describe the significance and key benefits of a forensic audit in fraud detection.
7. Examine the tools of forensic data analysis.

SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks. **(2×12=24)**

8. Explain how horizontal and vertical analysis help in detecting financial statement fraud.
9. Analyze the various risk factors that increase the likelihood of fraud within an organization.
10. Examine the differences between forensic audit and regular financial audit with suitable examples.
11. Demonstrate the use of Computer-Assisted Auditing Techniques (CAATs) to investigate suspicious transactions.

SECTION – D

12. Answer the following questions. **(1×12=12)**

A public-listed manufacturing company, TechnoFab Ltd. has recently faced declining profits despite stable sales. An internal whistleblower alleges that a senior procurement manager is involved in collusion with certain vendors, resulting in over-invoicing, kickbacks and the supply of substandard raw materials. A forensic audit is initiated to investigate possible procurement and vendor fraud.

- a) Identify three key physical or documentary sources within the procurement department where paper evidence of fraud might be found. Explain the kind of evidence expected.
 - b) Describe two unconventional digital evidence sources (not emails) to detect collusion between employees and vendors. What forensic tools or techniques would you use ?
 - c) You're examining security footage and access logs. What two red flags could suggest fraudulent behavior within the procurement process ?
 - d) Highlight the role of witness interviews in this forensic audit.
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