

# Chapter - 17 "Due Diligence, Investigation and Forensic Accounting"

(A) Due Diligence

(B) Investigation :- Meaning of Investigation

- Audit v/s Investigation
- Steps in Investigation
- Special Issues in Investigation
- ✓ Special Aspects in connection with Business Investigation
- Types of Investigation.
- ✓ (a) Investigation on behalf of Incoming partner - (Learning + Noting)  
6 Points

(b) Investigation for valuation of shares in private companies

(c) Investigation on behalf of bank - (Learning + Noting) - May 18  
(Points to be covered in investigation)

(d) Investigation of Fraud :

- (a) Types of Frauds - (Only Reading)
- (b) Procedure for investigation of fraud - (only reading)
- (c) ways to commit the fraud

	Ways to commit fraud (4 points)	Investigation points (4 points)
CASH Receipt		
Cash Payment		
Supplier ledger		
Customer ledger		
Stock		

- (e) Indicators of Frauds :
- (i) Discrepancies in Accounting Records
  - (ii) Conflicting or Missing Evidences
  - (iii) Unacceptable Mngt. Responses
  - (iv) Other factors

- (f) Fraud diamond :
- (a) Incentive
  - (b) opp.
  - (c) Rationalisation
  - (d) capability.

- (g) Responses to Fraud : (Self-Study)