

Fraud Investigation Techniques

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Abstract - Fraud is any behaviour by which a person intends to gain a dishonest advantage over another. Corporate fraud investigation refers to those cases in which a company or organisation is involved. Fraud has been associated with human organisation from recorded history. Fraud examiners and anti-fraud professionals are usually exposed to various risks in their bid to eliciting responses from the suspects. Investigating and detecting fraud is not an easy task and requires through knowledge about the nature of fraud, how it can be committed and concealed.

Keywords: Fraud, Fraud detection techniques, fraud module, investigating.

I. INTRODUCTION

After the liberalisation of the economy financial scams and corporate frauds increased dramatically, and it was time for governments to take action to prevent such frauds from wasting government and public funds. To combat corporate fraud, it became important to re-evaluate and apply rigorous measures. The rising number of white-collar crimes necessitated harsh fines exemplary punishments, and strong law enforcement.

The Serious Fraud Investigation Office (SFIO) is a statutory cooperate fraud Investigating agency in India. Initially, it was set up by a resolution adopted by the Government of India on 2 July 2003 and carried out investigations within the existing legal framework under section 235 to 247 of the erstwhile companies Act, 1956. Later, section 211 of the companies Act, 2013, accorded the statutory status to the serious fraud investigation office (SFIO). It is under the jurisdiction of the Ministry of Corporate Affairs, Government of India and primarily supervised by officers from Indian Administrative Service, Indian Police Service, Indian corporate Law Service, Indian revenue service and other central services. The organisation has experts from various financial sector domains. The SFIO is mandated to conduct Multi-disciplinary investigations of major corporate fraud.

We help the organisation predict and detect fraud risks. We review and investigate suspicions of fraud, and unethical

behaviour by employees or third parties. An early response to reported fraudulent reputational damage. Find out how to deal with such situations.

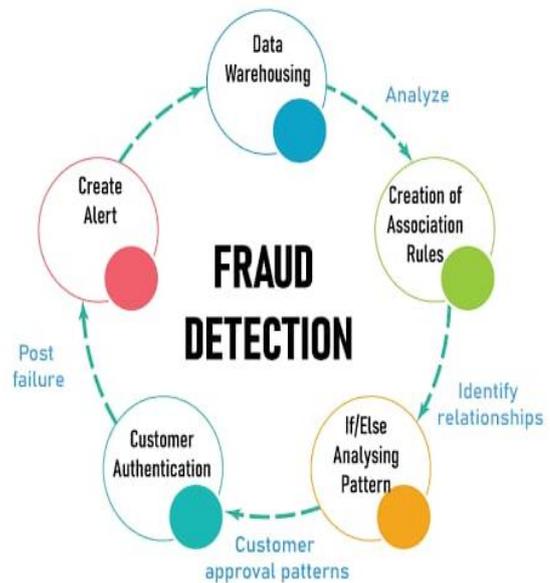
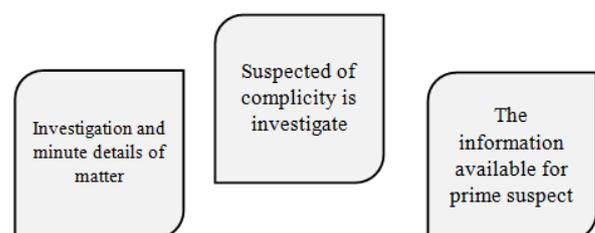


Figure 1: Detection of fraud

II. PRINCIPLE OF FRAUD INVESTIGATION

The term Fraud Investigation/ Investigation refers to the process of resolving allegations of fraud from inception to disposition. Whereas, Forensic Accounting means use of professional accounting skills in matters involving potential or actual civil & criminal litigation.

- Assume Litigation will follow
- Act on Predication
- Dual Approach Investigation
- Move General to Specifics
- Use Fraud Theory Approach



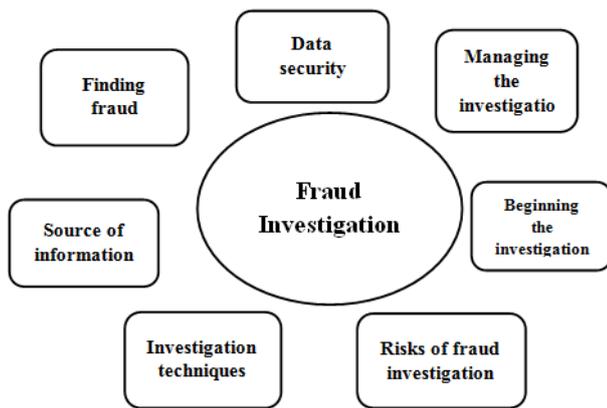


Figure 2: Fraud investigation

Fraud investigation basically, in fraud organisation is nothing new. Robbery and criminal activities in the business are as old as the business itself. But with the advancement in technology, there are even more changes of corruption. With the increase in fraud, your organisation is exposed to considerable legal risk & loss of take action & billions of dollars. Therefore, it is necessary to take action & protect your business. Need not worry; we are here with the fraud investigation service to supervise everything from corporate investigations to ongoing due diligence.

For a better understanding of fraud investigation, let us understand what fraud is fraud can be defined as misinterpretation or misappropriation of things with intent to deceive people. For example, if certain companies make some claims about features of their product and the product does not work in a similar way, then it is fraud with its consumers. Fraud can make people lose their money, causes injury, or it can even lead to their death. Fraud investigation can be both internal and external to find the real culprit behind the act of fraud.

III. APPLICATIONS

i) Finding Fraud

A Fraud Investigations examines the evidence to determine whether or not a fraud occurred, not it occurred, who was involved, and how much money was lost. Investigations are conducted in various cases, including embezzlement, falsification of financial statements, and identifying fraud risk indicators is crucial in the fraud investigation process and the fraud indicator as early as possible. During the fraud finding we performing the research is as essential skill set required from the fraud investigation. It requires the fraud experts to publicly source the requires information concerning the individuals, employees and entities suspected of involvement in the fraud incident or activities.

Identification of the right suspects makes the fraud identification process easier and more structured.

ii) Beginning the investigation

Firstly the fraud investigation is necessary; the process of creating a team, mapping the investigation plan, and requesting information begins. Traditional financial statement audits, however, are relatively similar from year to year unless a company has had a significant change in operations. Experience with traditional auditing and accounting engagements is a big plus when preparing for a fraud investigation.

iii) Managing the investigation

Managing the fraud investigation there are 7steps are conducting.

- Receive and react to an allegation
- Establish an investigation team
- Conduct a preliminary assessment
- Preserve and collect evidence
- Analyze financial, business, and electronic records
- Conduct interviews
- Report the findings

iv) Source of information

Information sources of various type ae available to fraud investigation. The two main type of records that can provide information about an institution and its entities are inter information sources and external information sources. several software packages are available to assist fraud investigator with tracking documents, analyzing relationship between people and entities. Much fraud investigation still involved combing through records, either in hardcopy or in digital format, verifying and cross-checking information.

v) Investigation techniques

Investigation techniques police usually start with obtaining relevant documents and performing background checks on suspects physical and electronic surveillance use of informant undercover operations conducting interviews and interrogation tactics, and laboratory analysis of physical fraud system of investigation.

vi) Risks of Fraud Investigation

To impact of fraud investigation it can be substantial. Apart from the financial loss. In organisation of the face of reputational damage, and disbarment from tendering, penalties. We can help you to prepare and protect your company from fraud of related and regulatory, financial and

reputational and financial risks. Investigator exposes them to the risk of the litigation or loss of the good cases in court due to carelessness and improper the handling the risk of the investigation materials such as the subjects of the investigations and the evidence, collaborative witness.

vii) Data Security

Data security special care must be taken to ensure the security of the personal data that is collected, processed and stored. Given that the information processed in anti-fraud cases is sensitive, leaks or unauthorised disclosure of it may have severe consequences for both informants and the persons accused. Appropriate technical and organisational measures must be taken to secure the data to reflect the risk.

IV. CONCLUSION

I recognized that every investigation cannot be initiated or conducted with the intent of immediately expanding the investigative efforts. The application of the fraud investigation techniques and its guidance describe in this paper, combined with other experience and training should greatly benefit not only investigators and fraud fighters but also their agencies and organizations as well as the individuals and assets being protected.

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Citation of this Article:

Prof. Sunita Totade, Pratham Vibhute, Harsha Tehare, Revati Jinturkar, Mrunali Ganeshakar, "Fraud Investigation Techniques" Published in *International Research Journal of Innovations in Engineering and Technology - IRJIET*, Volume 6, Issue 10, pp 126-128, October 2022. Article DOI <https://doi.org/10.47001/IRJIET/2022.610023>
