



FORENSIC INVESTIGATION - WHAT TO EXPECT?

We are then
use to audits ?

What can happen
to me?

What happens
during this
forensic audit?

Protect you and
YOUR school







Types of audits

ANNUAL AUDIT

FORENSIC AUDIT



WHY??



ANNUAL AUDIT


Financial audit

- Auditors appointed by SGB
- Report on financial statements (financial position, performance and cash flow)
- Report on control environment
- Materiality is benchmark on reporting
- Predetermined audit plan and standards based on knowledge of school



FORENSIC AUDIT

- ☒ Totally independent auditor appointed by Department or SGB
- ☒ Report issued for legal proceedings
- ☒ No level of materiality or assurance
- ☒ All findings well documented and supported by substantive documents



WHEN AND WHY DOES A SCHOOL REQUEST A FORENSIC AUDIT



Complaint was submitted (SGB, parent, etc.)



Continuous non-compliance to requests and legislation



Non-compliance found during annual audit



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How is a forensic audit conducted?



Planning

Specific
considerations

Collection of
evidence

Finalization



Planning procedures:

- Detailed and documented

Considerations during planning:

- What was initial complaint
- When did possible offense occur
- Why was the complaint submitted
- How was the offense committed
- Who is implicated
- Control environments
- Untoward relationships
- Ethical / political considerations
- Source of evidence
- Willingness to co-operate
- History of compliance/ethical behavior



Specific considerations:

- Known fraud and embezzlement
- Corruption
- Asset misappropriation
- Financial irregularities
- Payment for no services/goods
- Allegations vs facts
- Non-compliance to laws and regulations
- Compliance to Section 16A (2)(g)(ii) to Section 16A (2)(k)
- Communication to Department and role players
- Department's role vs Governing body
- Governing body to start the process in most instances

Procedures during audit:

- Detailed and objective

Typical procedures:

- Interviews (could be recorded)
- Analytical reviews and procedures
- Lifestyle reviews
- Substantive procedures
- Collection of third party evidence, for example bank statements
- Review of contracts, agreements and documentation supporting transactions
- Review of minutes of meetings
- Review of telephone records, social media and messages

Conclusion:

- Detailed report on findings
- Discussions with affected parties
- Submission to relevant authorities
- Sanctions
- Court proceedings



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Typical outcomes



Disciplinary
proceedings

Civil
proceedings

Criminal
charges

Disciplinary proceedings

- By employer
- Labour legislation and regulations
- Sanctions may vary
 - Penalty imposed
 - Loss of income
 - Suspension
 - Termination of services



Civil proceedings:

- Claim against implicated parties
- School/Governing body is claimant
- Monetary settlement
- Expensive for claimant and defendant
- Extremely time consuming
- No quick outcome

Criminal proceedings:

- Case to be opened at SAPS
- State to prosecute
- Criminal record
- Incarcerated
- Expensive to defend
- Extremely time consuming, more than civil proceedings
- Financial crimes are very difficult to prosecute
- NPA, FSCA, SARS and department could be involved



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Protect yourself and your school

Protect
yourself

Protect the school

How to protect myself?

a, Involved

b, Informed and skilled

c, Ask questions

d, Report and document



How to protect school?

- Policies, procedures and control environment
- Good accounting habits
- Skilled advisers
- Functioning governing body
- Regular training for role-players
- Detailed and complete annual audit process
- Continuous self assessment



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