



# **CERTIFIED FORENSIC FRAUD EXAMINER (CFFE)**

## **EXAMINATION SYLLABUS**

**JULY 2021**

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**JULY 2021**

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*Certified Forensic Fraud Examiner (CFFE)- Examination Syllabus, July 2021*

## **FOREWORD**

One of the cardinal objectives of any education system is to ultimately provide the economy with competent, self-driven and morally upright human capital for sustainable growth and prosperity. In order to effectively achieve this, it is important that the education system continuously adapts to market dynamics at global, regional and national levels.

For professional examination bodies such as the Kenya Accountants and Secretaries National Examinations Board (Kasneb), this translates to the need to regularly review their syllabuses to match and, in an ideal setting, surpass market expectations. The drivers of syllabuses change are wide and diverse and transcend various factors including economic, legal, social and technological spheres.

It is in the above context that The National Treasury and Planning, as the parent Ministry of Kasneb, is pleased to note the significant milestone in the completion of the major review process for Kasneb, having also participated with other stakeholders in the review process. This latest review has afforded Kasneb the opportunity to address emerging trends that define the next generation of professionals, including data mining and analytics, digital competence, soft skills and a global perspective in strategic decision making.

With the revised syllabuses, Kasneb is expected to continue playing a leading role in providing the economy with competent professionals in the areas of accounting, finance, governance and corporate secretarial practice, credit management, forensic investigations, information communication technology and related areas. This is further expected to boost the Government's development agenda as defined under the Kenya Vision 2030 development blueprint and the Big Four Agenda.

The successful implementation of the revised syllabuses will require the support of all stakeholders. I wish therefore to urge for the continued support to Kasneb including from various Government Ministries and Departments, regulatory bodies, employers, professional institutes, universities and other training institutions, among others.

It is my conviction that the revised syllabuses will reshape the professional qualifications frontier in the region and beyond and firmly place Kenya as one of the leading countries in the provision of globally competitive professionals.

**Dr Julius M. Muia, PhD, CBS**

**The Principal Secretary/The National Treasury**  
**The National Treasury and Planning**

**August 2021**

## **PREFACE**

Kasneb has been undertaking a major review of its examination syllabuses every five years and a mid-term review every two and a half years. The prime focus of the just completed major review was the need to produce enhanced, integrated and competence based curriculums whose graduates will remain well positioned to meet the dynamic global market demands for the next five years and beyond.

The major review process commenced in earnest in August 2019 with an intensive stakeholder engagement across various counties in Kenya. This was supplemented by study visits and surveys conducted in various parts of the globe, including in the USA, UK, Canada, Malaysia, Singapore, Australia and India. Further engagements with employers, practitioners and the market at large culminated in the development of a competence framework for the professional qualifications of Kasneb. A competence framework is a structure that sets out and defines each individual competency required by persons working in an organisation. The framework defines the knowledge, skills and attributes needed for people within an organization.

Complementing the competence framework were occupational standards developed for the vocational, certificate and diploma programmes. Similar to the competence frameworks for professionals, the occupational standards for various technician qualifications are statements of work performance reflecting the ability to successfully complete the functions required in an occupation, as well as the application of knowledge, skills and understanding in an occupation.

With the development of the competence frameworks and occupational standards, the next logical step was the development of the detailed syllabuses content addressing the identified required competencies. The syllabuses content was developed by various subject matter experts drawn from both public and private sectors, industry and academia, employers and practitioners among others.

As noted above, stakeholder engagement formed a critical pillar in each step of the review process. At the final stretch, stakeholders were invited to validate the syllabuses on Friday, 7 May 2021 during a national virtual conference. This paved the way for the launch of the syllabuses on Friday, 23 July 2021.

As part of the new competence-based system, Kasneb will use various assessment modes through a partnership model with other institutions to test the achievement of key competencies and skills. Among other key areas of focus is the introduction of practical experience and work-simulation, together with a requirement for students to attend workshops where matters of ethics, values, attitudes and other soft skills will be developed.

The major review of the syllabuses also witnessed the expansion of the qualifications spectrum for Kasneb to include four vocational courses, one certificate course, three diploma courses, five professional courses and one post-professional specialisation course.

We are confident that the new qualifications of kasneb will address the current and emerging skills requirements in the national, regional and international markets.

Finally, I wish to take this opportunity to thank all our partners and stakeholders for their contribution in various ways to the successful completion of the major syllabuses review.

**Dr Nancy N. Muriuki, PhD**  
**Chairman of the Board of Kasneb**

**August 2021**

## ACKNOWLEDGEMENT

I wish to take this opportunity to express our deepest appreciation to all our key stakeholders who, through their expert advice, comments, other feedback and general support contributed to the development of the revised syllabuses together with the supporting competence frameworks and occupational standards.

We are particularly grateful to the Government of Kenya through the National Treasury and Planning, the Ministry of Education, Ministry of Foreign Affairs incorporating various Kenyan Embassies and High Commissions, among others; various regulatory bodies including the Kenya National Qualifications Authority (KNQA), Technical and Vocational Education and Training Authority (TVETA), Commission for University Education (CUE), Central Bank of Kenya (CBK), Capital Markets Authority (CMA); professional bodies including the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Secretaries (ICS), Institute of Certified Investment and Financial Analysts (ICIFA), Institute of Credit Management Kenya (ICM-K), Law Society of Kenya (LSK) - Nairobi Chapter; Federation of Kenya Employers (FKE) and individual employers; the Ethics and Anti-Corruption Commission (EACC); practitioners, subject matter experts and trainers, various consultants engaged; students, parents and guardians; past and present members of the Board, Committees and Sub-Committee; members of staff of Kasneb among other stakeholders.

We also extend our appreciation to all foreign regulatory and professional bodies who facilitated the study visits and provided valuable insights on global trends and emerging issues in areas relevant to the examinations of Kasneb. In this connection, we wish to highlight the following institutions for special mention:

1. United Kingdom (UK): Chartered Governance Institute; Chartered Institute of Management Accountants; Chartered Institute of Marketers; Institute of Chartered Accountants in England and Wales; Pearson Vue Limited.
2. United States of America (USA): American Institute of Certified Public Accountants; Chartered Financial Analysts Institute; International Federation of Accountants; Society for Corporate Governance.
3. Singapore and Malaysia: Chartered Secretaries Institute of Singapore; Malaysian Association of Chartered Secretaries and Administrators; Malaysian Institute of Accountants.
4. Canada: CPA Canada; Board of Canadian Registered Safety Professionals.
5. Australia: CPA Australia; Pearson Vue Australia.
6. India: Indira Gandhi National Open University; Institute of Chartered Accountants of India; Institute of Company Secretaries of India, Institute of Cost Accountants of India.
7. South Africa: South Africa Institute of Chartered Accountants (SAICA).

Kasneb remains forever grateful to all our stakeholders for your role in ensuring the development of quality and globally benchmarked syllabuses, competence frameworks and occupational standards. We look forward to your continued support in the implementation of the revised syllabuses.

**Dr Nicholas K. Letting', PhD, EBS**  
**Secretary/Chief Executive Officer, Kasneb**

**August 2021**

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## **BACKGROUND INFORMATION ABOUT kasneb**

### **1.1 Legal Foundation and Status of kasneb**

kasneb was established as a state corporation under the National Treasury by the Government of Kenya on 24 July 1969. The establishment and operations of kasneb are governed by the following main Acts:

- (a) The Accountants Act, No. 15 of 2008 (which repealed the Accountants Act, Cap 531 of 1977).
- (b) The Certified Public Secretaries of Kenya Act, Cap 534 of 1988.
- (c) The Investment and Financial Analysts Act, No. 13 of 2015.

### **1.2 Functions of kasneb**

Section 17(1) of the Accountants Act, 2008 of the Laws of Kenya defines the functions of kasneb. These functions are:

- (a) To prepare syllabuses for professional, diploma and certificate examinations in accountancy, company secretarial practice and related disciplines;
- (b) To make rules with respect to such examinations;
- (c) To arrange and conduct examinations and issue certificates to candidates who have satisfied examination requirements;
- (d) To promote recognition of its examinations in foreign countries;
- (e) To investigate and determine cases involving indiscipline by students registered with the Examinations Board;
- (f) To promote and carry out research relating to its examinations;
- (g) To promote the publication of books and other materials relevant to its examinations;
- (h) To liaise with the Ministry of Education, Science and Technology in accreditation of institutions offering training in subjects examinable by the Examinations Board, and
- (i) To do anything incidental or conducive to the performance of any of the preceding functions.

### **1.3 Professional Institutes/Registration Board for Kasneb graduates**

#### **1.3.1 Institute of Certified Public Accountants of Kenya (ICPAK)**

ICPAK is established under Section 3 of the Accountants Act, 2008. One of the functions of ICPAK is to advise kasneb on matters relating to examination standards and policies. The Act also makes provisions for the establishment of a Registration and Quality Assurance Committee (Registration Committee) under Section 13. One of the functions of the Registration Committee is to register eligible persons as Certified Public Accountants.

#### **1.3.2 Institute of Certified Secretaries (ICS)**

ICS is established under Section 3 of the Certified Public Secretaries of Kenya Act (Cap. 534) of the Laws of Kenya. One of the functions of ICS is to advise kasneb on matters relating to examination standards and policies.

#### **1.3.3 Registration of Certified Public Secretaries Board (RCPSB)**

RCPSB is established under Section 11 of the Certified Public Secretaries of Kenya Act (Cap. 534) of the Laws of Kenya. One of the functions of RCPSB is to register eligible persons as Certified Secretaries.

1.3.4 **Institute of Certified Investment and Financial Analysts (ICIFA)**

ICIFA is registered under the Investment and Financial Analysts Act, No. 13 of 2015 of the Laws of Kenya. One of the functions of ICIFA is to advise kasneb on matters relating to examination standards and policies. The Act also makes provisions for the establishment of a Registration Committee under Section 13. One of the functions of the Registration Committee is to register eligible persons as Certified Investment and Financial Analysts.

1.3.5 **Institute of Credit Management Kenya [ICM (K)]**

ICM (K) is registered under the Societies Act, (Cap.108) of the Laws of Kenya.

1.4 **Vision, Mission, Mandate and Core Values**

The vision, mission, mandate and core values of kasneb are as follows:

1.4.1 **Vision**

Global leader in examination and certification of business professionals.

1.4.2 **Mission**

Empowering professionals globally by offering quality examinations and undertaking research and innovation.

1.4.3 **Mandate**

The mandate of kasneb is the development of syllabuses; conduct of professional, diploma and certificate examinations and certification of candidates in accountancy, finance, credit, governance and management, information technology and related disciplines; promotion of its qualifications nationally, regionally and internationally and the accreditation of relevant training institutions in liaison with the ministry in charge of education.

1.4.4 **Core Values**

- Integrity
- Professionalism
- Customer focus
- Teamwork
- Innovativeness

2.0 **EXAMINATIONS OF kasneb**

kasneb currently offers the following examinations:

(a) **Vocational certificate courses**

These are short-term, skills-based programmes currently in the areas of entrepreneurship and innovation, graphic design, information and cyber security and block chain technology. The courses are ideal both for fresh high school graduates and established professionals in various areas willing to diversify their knowledge and competencies in the above areas.

The vocational certificate courses are administered in two levels, with each level requiring an average of three months, thus a total of six months.

Entrants with high school certificates will start with Level I which covers basic skills. Other entrants with post-high school qualifications covering the basic skills will enter at Level II.

The minimum entry for the vocational certificates is a KCSE certificate. The courses can be pursued through a tuition-based programme or privately. Tuition-based programmes (physical or virtual classes) are however recommended due to the interactivity with



facilitators and other students which are key in imparting the requisite technical and soft skills.

The examinations will be administered primarily on a computer-based platform.

The details on each of the vocational programmes are summarised below:

- (i) **Vocational Certificate in Entrepreneurship and Innovation**  
The course imparts basic knowledge, skills, values and attitudes to apply entrepreneurship skills and generate innovative ideas to start and manage a new business or grow an existing entity.
- (ii) **Vocational Certificate in Graphic Design**  
The course imparts basic knowledge, skills, values and attitudes to generate and enhance graphic designs according to set specifications.
- (iii) **Vocational Certificate in Information and Cyber Security**  
The course imparts basic knowledge, skills, values and attitudes to identify information and cyber threats and risks and implement programmes to protect information and databases.
- (iv) **Vocational Certificate in Blockchain Technology**  
The course imparts knowledge, skills, values and attitudes to develop a simple blockchain program and undertake blockchain transactions.

(b) **Certificate in Accounting and Management Skills (CAMS) course**

The course imparts knowledge, skills, values and attitudes to prepare basic accounts and financial statements for a small enterprise or non-complex environment and apply basic management and marketing skills in business.

The course is mainly for persons who wish to qualify and work as entry level accounting and management personnel.

The CAMS course is administered in two levels, with each level requiring an average of six months, thus a total of one year.

The minimum entry requirement is KCSE mean grade D or a vocational certificate.

The course is fully tuition based with requirements for students to sit for continuous assessment tests (CATs), which constitute 15% of the final score for assessment purposes.

The examinations will be administered primarily on a computer-based platform.

(c) **Diploma Courses**

Kasneb currently administers three diploma programmes; Accounting Technicians Diploma (ATD), Diploma in Data Management and Analytics (DDMA) and Diploma in Computer Networks and Systems Administration (DCNSA).

The diploma courses are administered in two levels, with each level requiring an average of one year, thus a total of two years.

The minimum entry for the diploma courses is KCSE mean grade C-. Persons with certificate and other higher qualifications from recognised institutions are also eligible for entry. The courses can currently be pursued through a tuition-based programme or privately. Tuition-based programmes (physical or virtual classes) are however recommended due to the interactiveness with facilitators and other students which are key in imparting the requisite technical and soft skills.

A summary on each of the diploma programmes is presented below:

(i) **Accounting Technicians Diploma (ATD) course**

The course imparts knowledge, skills, values and attitudes to prepare financial and management accounts and financial statements for small and medium sized enterprises and compute basic taxes for a business.

The course is aimed at persons who wish to qualify and work as middle level accountants providing technical support to professional accountants, auditors, tax practitioners and related areas.

(ii) **Diploma in Data Management and Analytics (DDMA) course**

The course imparts knowledge, skills, values and attitudes to undertake non-complex design of databases, mine and analyse data for decision making.

The DDMA will be administered on a computer-based platform.

(iii) **Diploma in Computer Networks and Systems Administration (DCNSA) course**

The course imparts knowledge, skills, values and attitudes to design, configure, test and secure and manage non-complex networks.

The DCNSA will be administered on a computer based platform.

(d) **Professional Courses**

Kasneb currently administers five professional courses, as summarised below:

- (i) Certified Public Accountants (CPA)
- (ii) Certified Secretaries (CS)
- (iii) Certified Investment and Financial Analysts (CIFA)
- (iv) Certified Credit Professionals (CCP)
- (v) Certified Information Systems Solutions Expert (CISSE)

The professional courses are administered at Foundation, Intermediate and Advanced Levels. Each level requires an average of one year, though candidates are advised to provide for an additional one year to meet requirements for internship/practical experience

The minimum entry requirement for the professional courses is KCSE mean grade C+. Persons with diplomas or other higher-level qualifications from recognised institutions are also eligible for entry. The courses can be pursued through a tuition-based programme or privately. Tuition-based programmes (physical or virtual classes) are however recommended due to the interactiveness with facilitators and other students which are key in imparting the requisite technical and soft skills.

A summary on each of the professional courses is presented below:

(i) **Certified Public Accountants (CPA) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Prepare accounts and financial statements including for complex entities in both the private and public sectors.
- Use computerised accounting systems
- Practically apply data analytical tools analyse data and reach conclusions.
- Undertake audit and assurance services
- Apply advanced financial management skills to evaluate various financial aspects of a business for decision making
- Prepare management accounts
- Apply leadership and management skills in practice to manage teams and achieve results

The course is aimed at persons who wish to qualify and work or practice as professional accountants, auditors, finance managers, tax managers and consultants in related areas in both public and private sectors.

Assessment will be conducted in a variety of ways, including examinations, practical papers, workshops attendance and practical experience.

In addition to the above papers, prior to certification, candidates will be required to

- Attend workshops on ethics, soft skills and emerging issues organised by Kasneb and ICPAK and earn IPD hours)
- Obtain 1-year practical experience, or alternatively attend workshops on work based simulation organised by Kasneb and ICPAK.

In order to assist CPA students to obtain the requisite practical experience and internship opportunities, they will be registered as student members of the Institute of Certified Public Accountants of Kenya (ICPAK) under a programme called the Trainee Accountants Practical Experience Programme (TAPEF). Through TAPEF, ICPAK working in consultation with Kasneb will assist students as much as possible to link with professional accountants who will mentor them towards obtaining the necessary practical experience.

**(ii) Certified Secretaries (CS) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Practice and promote principles of good governance within public and private sector entities
- Implement and comply with legal, regulatory and ethical requirements in practice
- Ensure proper conduct and management of meetings
- Undertake consultancy and advisory services in corporate secretarial and related practices
- Manage boardroom dynamics
- Undertake governance and compliance audits

The course is aimed at persons who wish to qualify and work or practice as corporate secretaries, policy formulators and consultants in governance, governance and compliance auditors and administrators at county and national levels and in the private sector.

Assessment will be conducted in a variety of ways, including examinations, projects and workshops attendance.

**(iii) Certified Investment and Financial Analysts (CIFA) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Apply financial tools and concepts in analysis and valuation of investment and securities
- Manage and grow portfolios of investments
- Analyse various types of investments including equity investments, fixed income investments and derivatives
- Manage corporate finances
- Apply financial modelling and analytical tools in investments analysis

The course is aimed at persons who wish to qualify and work or practice as investment, securities and financial analysts, portfolio managers, investment bankers, fund managers, consultants on national and global financial markets and related areas.

**(iv) Certified Credit Professionals (CCP) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Manage the credit cycle for trade credit providers
- Manage credit risk for different entities
- Undertake credit analysis for various corporate entities
- Undertake debt collection in a professional manner

- Comply with various requirements in debt management including governance, ethical, legal and regulatory requirements.

The course is aimed at persons who wish to qualify and work or practice in various fields of credit management including credit analysis, debt management and recovery, corporate lending and related areas in both formal and informal sectors.

(v) **Certified Information Systems Solutions Expert (CISSE) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Develop information systems solutions for a business
- Design and operationalise database management systems
- Design, configure and trouble shoot computer networks
- Implement ICT projects
- Manage and analyse big data

(e) **Post-professional specialisation course**

Kasneb has introduced the Certified Forensic Fraud Examiner (CFFE). The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Apply analytical techniques in fraud detection
- Design and implement preventive and detective controls
- Apply and ensure compliance with the appropriate laws in fraud investigations
- Apply the burden and standards of proof in civil and criminal proceedings
- Apply the various methods and techniques of conducting fraud investigations
- Write standard investigations and expert witness reports
- Develop fraud prevention programs
- Conduct a fraud prevention health check up
- Develop and implement a fraud risk management program

The course is aimed at persons who wish to qualify and work or practice in the fields of financial fraud and corruption investigations, fraud prevention, fraud risk analysis and related areas.

The CFFE is administered in three modules, with an integrated case study and workshops at the end of the course. Each module is expected to last for three months. Examinations for the CFFE course will be administered three times in a year, thus the course is meant to last on average one year.

The minimum entry requirement to pursue the CFFE course is:

- Kasneb professional qualification; or
- Bachelor's degree from a recognised university; or
- Any other qualification considered equivalent to the above.

The course can be pursued through tuition-based learning or self-study.

Kasneb working with other partners will be rolling out another post-professional specialisation area in public financial management.

(f) **Examinations for holders of foreign qualifications wishing to be registered and practice in Kenya**

(i) **Examination for holders of foreign accountancy qualifications (FAQs)**

In consultation with the Council of ICPAK under Section 26 Sub-Sections (2) and (3) of the Accountants Act, 2008, kasneb examines holders of foreign accountancy qualifications who have applied for registration as Certified Public Accountants (CPAs) of Kenya and they are required to demonstrate their knowledge of local law and practice.

(ii) **Examination for holders of foreign secretaries qualifications (FSQs)**

In consultation with the Council of ICS under Section 20 Sub-Sections (2) and (3) of the Certified Public Secretaries of Kenya Act, Cap 534, kasneb examines holders of foreign

secretaries qualifications who have applied for registration as Certified Secretaries (CSs) of Kenya and they are required to demonstrate their knowledge of local law and practice.

(iii) **Examination for holders of foreign investment and financial analysts qualifications (FIFAQs)**

In consultation with the Council of ICIFA under Section 16 Sub-Sections (2) and (3) of the Investment and Financial Analysts Act, No. 13 of 2015, kasneb examines holders of foreign qualifications who have applied for registration as Certified Investment and Financial Analysts (CIFA) and they are required to demonstrate their knowledge of local law and practice.

**3.0 EXAMINATION RULES AND REGULATIONS**

**3.1 Registration and examination bookings**

All applications for registration and examination booking must be in the prescribed manner. Students are advised to download the e-kasneb app for purposes of registration and examination booking. The deadline for registration and examination booking will be specified for each sitting but may not be later than thirty days to the date of the next examinations.

**3.2 Exemptions**

Exemptions may, on application, be granted to registered students who are holders of certain degrees and diplomas recognised by kasneb. Exemptions will be granted on a paper by paper basis. Details on available exemptions can be accessed on the kasneb website [www.kasneb.or.ke](http://www.kasneb.or.ke).

**3.3 Retention of Credits**

Credits for papers passed by candidates will be retained without limit.

**3.4 Progression Rule**

A candidate will not be allowed to enter a higher level of the examination before completing the lower level.

**3.5 Registration Renewal**

3.5.1 A registered student must renew the studentship registration annually on the first day of July provided that newly registered students will be required to renew their registration on the first day of July following the examination sitting to which they are first eligible to enter.

3.5.2 A student who without good cause fails to renew the registration within three months of the renewal date will be deemed to have allowed the registration to lapse and may thus forfeit the right to write the examination until the renewal position is regularised. The registration number of a student who fails to renew the registration for three consecutive years will be deactivated, that is, removed from the register of students and will thus not be able to book for examinations until the registration number is reactivated.

3.5.3 A student whose registration number is deactivated for failure to renew the registration may apply for reactivation provided that if the application is accepted, the student shall:

- (a) Pay the registration reactivation fee.
- (b) Pay three years of registration renewal fees.

### 3.6 Rules Governing the Conduct of Students in the Examination Room

Kasneb will conduct examinations on both computer-based and paper-based platforms. The following rules mainly relate to paper-based examinations. Kasneb will be issuing additional rules specific to computer-based examinations in due course.

- 3.6.1 Candidates should present themselves for the examination at least **30 minutes** before the scheduled time for the commencement of the examination they are taking.
- 3.6.2 A candidate who arrives half an hour or later after the commencement of the examination will not be allowed to take the examination nor will a candidate be permitted to leave the examination room until after the end of the first half hour since the commencement of the examination.
- 3.6.3 Each candidate is assigned a registration number upon registration as a student of kasneb. The candidate must sit at the place indicated by that number in the examination room. The registration number must be entered in the space provided at the top right-hand corner of each answer sheet.
- 3.6.4 The name of the candidate **must not** appear anywhere on the answer sheet.
- 3.6.5 Each answer sheet has a serial number indicated on the top, left hand side of the answer sheet. Each candidate must indicate the serial number of the answer sheet(s) used for each examination paper in the signature register.
- 3.6.6 Examination stationery will be provided in the examination room, but candidates must bring their own blue or black ink pens, pencils, and rulers.
- 3.6.7 **Mobile phones are strictly not allowed in the examinations room.**
- 3.6.8 No stationery whatsoever may be removed from the examination room.
- 3.6.9 Candidates **must not** carry the examination question papers from the examination room.
- 3.6.10 Candidates are allowed to use calculators provided that such calculators are noiseless, cordless and non-programmable.
- 3.6.11 Candidates will be required to positively identify themselves to the chief invigilator by producing their student identification cards and the national identity cards. Non-Kenyan candidates will be required to produce other relevant identification documents such as passports.
- 3.6.12 Strict **silence** must be observed during the entire duration of the examination.
- 3.6.13 Candidates **must not** possess any notes, printed paper or books in the examination room, but must leave any such material with the chief invigilator. Candidates using clipboards must ensure that such clipboards have no writing on them whatsoever.
- 3.6.14 Smoking is **not** allowed in the examination room.
- 3.6.15 Candidates **must not** collude in the examination room by exchanging notes or keeping the answer booklet in such a way that another candidate can read or copy from the booklet.

- 3.6.16 Impersonation in the examination room is not only a serious offence but also a criminal offence.
- 3.6.17 During the course of the examination, no candidate may leave the examination room without permission from the chief invigilator. Any candidate who does so will not be allowed to return to the examination room.
- 3.6.18 Candidates who finish the paper before the chief invigilator announces the end of the examination and wish to leave the examination room while the examination is in progress must inform the invigilator and hand in their scripts to the invigilator before leaving the examination room. However, no candidate will be allowed to leave the examinations room during the last fifteen (15) minutes of the examination.
- 3.6.19 Candidates **must not** leave the examination room with any answer booklet or answer sheets.
- 3.6.20 Candidates **must not** leave the examination room before their answer booklets are collected by the invigilators.
- 3.6.21 Candidates **must not** write notes on the examination timetable (Authority to sit the Examination).
- 3.6.22 Candidates with confirmed disabilities may apply to kasneb to be allowed extra time during examinations. Such application should be made at least two months prior to the examination.
- 3.6.23 Candidates must produce the timetables (Authority to sit the Examination) in order to be allowed to take the examination. Candidates may download their timetables (Authority to sit the Examination) from the kasneb website or through the e-kasneb. The downloaded timetables may be used as authority to sit the examination.

### 3.7 **Action for Breach of Examination Rules and Regulations**

- 3.7.1 kasneb is mandated by the Accountants Act, 2008 under Section 17 (1)(e) to investigate and determine cases involving indiscipline by students registered with kasneb. Section 42 of the Act further defines examination offences that are punishable under the law and the applicable penalties.
- 3.7.2 Disciplinary action will be taken against candidates who breach the examination rules and regulations of kasneb. A breach of the examination rules and regulations of kasneb shall include but is not limited to the following:
- (a) Deficiency in identification.
  - (b) Impersonation.
  - (c) Collusion.
  - (d) Possession of a mobile phone in the examination room.
  - (e) Possession of notes in the examination room.
  - (f) Taking away answer booklets.
  - (g) Writing of names on the scripts.
  - (h) Possession of mobile phones in the examination room.
  - (i) Carrying the examination question papers from the examination room.

- 3.7.3 The action for breach of the examination rules and regulations of kasneb shall include but not limited to the following:
- (a) De-registration as a student of kasneb.
  - (b) Cancellation of registration number.
  - (c) Nullification of candidate's results.
  - (d) Prohibition from taking examinations of kasneb.
  - (e) Written reprimand and warning.
- 3.7.4 Certain breaches of the rules and regulations amount to breaches of the law. In such cases, candidates will be handed over to the police for investigations and appropriate legal action.

Section 42 of the Accountants Act, 2008 provides that a person who:

- (a) gains access to examinations materials and knowingly reveals the contents, whether orally, in writing or through any other form, to an unauthorised party, whether a candidate or not;
- (b) wilfully and maliciously damages examinations materials;
- (c) while not registered to take a particular examination, with intent to impersonate, presents or attempts to present himself to take the part of an enrolled candidate;
- (d) presents a forged certificate to a prospective employer or to an institution of learning with intent to gain employment or admission; or
- (e) introduces unauthorised materials into the examinations room, whether in writing or in any other form, whether a candidate or not, commits an offence and is liable on conviction to imprisonment for a term not exceeding three years, or to a fine not exceeding one hundred thousand shillings, or to both.



## MODULE ONE

### PAPER NO.1 INTRODUCTION TO FORENSIC ACCOUNTING AND AUDIT

#### UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to relate financial and forensic accounting and audit and apply both in fraud investigations.

#### LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Demonstrate the Accounting Cycle beginning with the books of original entry to the final accounts
- Identify the difference between Audit, Forensic and Traditional Accounting
- Explore the historical development of Forensic Accounting and Audit
- Apply Ratio Analysis in fraud detection
- Demonstrate understanding of the Forensic Audit Cycle

#### CONTENTS

- 1. Introduction to Accounting**
  - 1.1 Definition of Accounting
  - 1.2 Objectives of accounting and users of accounting information
  - 1.3 Accounting Equation
  - 1.4 Accounting Concepts and Conventions including the Accrual and Cash Basis Accounting
  - 1.5 The Accounting Cycle, source documents and Basic books of Accounts maintained by organisations
  - 1.6 Responsibilities of various stakeholders in regard to Accounting in organisations
  - 1.7 Regulatory bodies in accounting; professional institutes, government regulatory bodies and others
- 2. The Accounting Environment and Regulation**
  - 2.1 Key components of the Internal Control Environment in regard to accounting
  - 2.2 Basic understanding of Financial Reporting Standards applied in Public Sector and Commercial Entities (IPSAS and IFRS)
  - 2.3 Understand the roles of various entities in regulation of the Accounting Profession
- 3. Financial Statement and Financial Statement Fraud**
  - 3.1 Process of preparing financial statements
  - 3.2 Financial statements for sole proprietors, partnerships, companies, NGOs
  - 3.3 Financial statement/reporting fraud schemes
- 4. Basic Financial Statements**
  - 4.1 Balance sheet
  - 4.2 Profit/loss account
  - 4.3 Statement of cash flow
  - 4.4 Statement of owner's equity
  - 4.5 Financial ratios
- 5. Forensic Accounting**
  - 5.1 Definition and purpose of Forensic Accounting
  - 5.2 Forensic Accounting versus traditional accounting
  - 5.3 Forensic Audit versus traditional Audit
  - 5.4 Historical development of Forensic Accounting
  - 5.5 Types of Non-fraud forensic accounting

- 5.6 Forensic Accounting Data Analytics tools and Benford's Law
  - 5.7 Key skills required for Forensic Accounting
  - 5.8 Code of Ethics and Regulation of Forensic Accountants
  - 5.9 Qualities/attributes of Forensic Accountants
6. **Forensic Audit**
- 6.1 Definition and purpose
  - 6.2 Relationship between forensic accounting, forensic audit financial audit and fraud investigation
  - 6.3 Key skills required for Forensic Auditing
  - 6.4 Code of ethics and standards for forensic auditors/forensic investigators
  - 6.5 Qualities/attributes of Forensic Auditors

**Sample reading and reference materials**

1. Crumbley, D. L., Fenton, E. D., Smith, G. S., & Heitger, L. E. (2019). Forensic and Investigative Accounting. Australia: CCH Inc.
2. Kranacher, M.-J., & Riley, R. (2020). Forensic Accounting and Fraud Examination (2nd edition). New Jersey: Wiley.
3. Wells, J. T. (2014). Principles of Fraud Examination (4th edition). Chennai: Wiley.
4. Manning, G. A. (2016). Financial Investigation and Forensic Accounting (3rd edition). New York: CRC Press.
5. Kasneb e-learning resources (link on the kasneb website).
6. Kasneb approved study packs.

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## **PAPER NO. 2 FRAUD AND CORRUPTION SCHEMES**

### **UNIT DESCRIPTION**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to identify schemes and categories of fraud, the red flags and the preventive and detective measures and procedures related to the various fraud schemes.

### **LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Identify fraud schemes in fraudulent and corrupt activities
- Identify the red flags related to the specific fraud schemes
- Design and implement preventive and detective controls
- Identify the universal and specific risks related to the schemes
- Identify organisational and occupational fraud/corruption

### **CONTENTS:**

- 1. Fraud/Corruption Schemes**
  - 1.1 Definition of fraud
  - 1.2 Definition of corruption
  - 1.3 Occupational fraud
  - 1.4 Organisation fraud/crime
  - 1.5 The fraud tree
  - 1.6 The red flags/indicators of fraud
  - 1.7 Current trends of fraud schemes
  - 1.8 Emerging fraud /corruption schemes
- 2. Financial Statement Fraud**
  - 2.1 Definition of Financial Statement Fraud
  - 2.2 Why Financial Statement fraud is committed
  - 2.3 The cost of financial statement fraud
  - 2.4 Types of financial statement fraud schemes
  - 2.5 Trends in Financial Statement fraud
  - 2.6 Red flags associated with financial statement fraud
  - 2.7 Techniques of Detecting financial statement fraud
  - 2.8 Financial statement analysis
  - 2.9 Controls related to financial statement fraud
- 3. Asset Misappropriation**
  - 3.1 Definition of asset misappropriation
  - 3.2 Types of asset misappropriation frauds
  - 3.3 Cash receipts: Skimming, cash larceny and theft of cash on hand
  - 3.4 Fraudulent disbursements: Register disbursement schemes, check tampering schemes, electronic payment tampering schemes, billing schemes, payroll and expense reimbursement schemes
  - 3.5 Inventory and other assets: Misuse of inventory and theft
  - 3.6 Misappropriation of intangible assets
  - 3.7 Prevention of asset misappropriation schemes
- 4. Bribery and Corruption**
  - 4.1 Definition of bribery and corruption
  - 4.2 Corruption schemes
  - 4.3 Techniques of detecting bribery /corruption schemes
  - 4.4 Methods of making corrupt payments
  - 4.5 Prevention and detection of corruption

5. **Theft of Data and Intellectual Property**
  - 5.1 Definition of theft of data and intellectual property
  - 5.2 Types of data and intellectual property
  - 5.3 Ways information is lost or stolen
  - 5.4 Electronic counter-surveillance
  - 5.5 Insider threats to propriety information
  - 5.6 Methods of investigating corporate espionage
  - 5.7 Programs for safeguarding proprietary information
  - 5.8 Measures and procedures of minimizing theft of data and intellectual property
6. **Identity Theft**
  - 6.1 Definition of identity theft
  - 6.2 Perpetrators of identity theft
  - 6.3 Characteristics of victims of theft
  - 6.4 Methods of committing identity theft
  - 6.5 Types of identity theft schemes
  - 6.6 Ways of stealing information
  - 6.7 Responding to identity theft
  - 6.8 Methods of preventing identity theft
7. **Contract and Procurement Fraud**
  - 7.1 Definition of contract and procurement fraud
  - 7.2 Methods of procurement
  - 7.3 Stages/phases in procurement process
  - 7.4 Categories of procurement fraud schemes
  - 7.5 Preventing and detection of contract and procurement fraud
8. **Computer and Internet Fraud/Cyber Crime**
  - 8.1 Definition of computer and internet fraud
  - 8.2 Definition of Cyber Crime
  - 8.3 Types of computer and internet/Cyber fraud:
    - 8.3.1 Electronic Commerce and information Security
  - 8.4 Prevention, detection of computer and internet/Cyber Crime
  - 8.5 Computer/Cyber Security
9. **Financial Institution Fraud**
  - 9.1 Definition of financial Institution fraud
  - 9.2 Types of financial institution frauds
  - 9.3 Prevention and detection of financial institution frauds:
    - 9.3.1 Financial Action Task Force and money laundering and Terrorist
  - 9.4 Basel committee on banking supervision recommendations
10. **Payment System Fraud Schemes**
  - 10.1 Definition of payment system fraud
  - 10.2 Types of payment system and the fraud schemes
  - 10.3 Prevention and detection of payment system fraud schemes
11. **Insurance and Health Fraud**
  - 11.1 Definition of insurance fraud
  - 11.2 Insurance fraud schemes
  - 11.3 Prevention and detection of insurance fraud
  - 11.4 Definition of Health care fraud
  - 11.5 Health care fraud schemes
  - 11.6 Prevention and detection of health care fraud

12. **Consumer Fraud**
  - 12.1 Investment fraud schemes
  - 12.2 Telemarketing fraud schemes
  - 12.3 Confidence games fraud schemes
  
13. **Case Study - Occupational and Organisational Crimes**
  - 13.1 Identify the asset misappropriation and corruption schemes
  - 13.2 Identify the health care fraud schemes
  - 13.3 Identify the red flags
  - 13.4 Identify the preventive and detective control gaps that were present when the fraud occurred

**Sample reading and reference materials**

1. Association of Certified Fraud Examiners. (2021). 2021 Fraud Examiners Manual. Texas: Association of Certified Fraud Examiners.
2. Wells, J. T. (2017). Corporate Fraud Handbook: Prevention and Detection (5th edition). New Jersey: John Wiley & Sons.
3. Coderre, D. (2009). Computer Aided Fraud Prevention and Detection: A Step by Step Guide. New Jersey: John Wiley & Sons.
4. Rezaee, Z. (2012). Financial Statement Fraud (2 edition). New Jersey: John Wiley & Sons.
5. Kasneb e-learning resources (link on the kasneb website).
6. Kasneb approved study packs.

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## **PAPER NO. 3 OVERVIEW OF THE LEGAL AND JUSTICE SYSTEM**

### **UNIT DESCRIPTION**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply and comply with various laws as they relate to fraud investigations.

### **LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Apply the appropriate laws in fraud investigations
- Apply the appropriate judicial process of discovering evidence
- Relate various types of courts and their jurisdiction
- Comply with legal and regulatory requirements

### **CONTENT**

- 1. Basic Concepts and Type of Laws**
  - 1.1 Constitutional law
  - 1.2 Statutory law
  - 1.3 Substantive law
  - 1.4 Procedural law
  - 1.5 Administrative law
  - 1.6 Common law
  - 1.7 Civil Law
  - 1.8 Civil and criminal actions of fraud
  - 1.9 Criminal law
  - 1.10 International law
- 2. Systems of Government**
  - 2.1 Unitary system
  - 2.2 Federal system
- 3. The Court System**
  - 3.1 Establishment, structure, composition and jurisdiction of courts
  - 3.2 Supreme Court
  - 3.3 Court of Appeal
  - 3.4 High Court
  - 3.5 Ant-corruption courts
  - 3.6 Employment and Labour Relations Court
  - 3.7 Environmental and Land court
  - 3.8 International Court of Justice
  - 3.9 Magistrates Court
  - 3.10 Court Martial
  - 3.11 Kadhi's Court
  - 3.12 Distinction between Courts and Tribunals
  - 3.13 Tiered court system
  - 3.14 Jurisdiction and venue
- 4. Alternative Dispute Resolutions (ADR)**
  - 4.1 Nature of alternative dispute resolutions (ADR)
  - 4.2 Nature and types of disputes
  - 4.3 Legal framework governing ADR
  - 4.4 General principles of ADR
  - 4.5 Negation and Conciliation
  - 4.6 Mediation
  - 4.7 Arbitration
  - 4.8 Dispute Review Boards
  - 4.9 Traditional dispute resolution mechanisms

5. **Common Legal System**
  - 5.1 The common law and substantive law
  - 5.2 The doctrine of stare decisis and case law
  - 5.3 Adversarial judicial process
  
6. **Civil Legal System**
  - 6.1 Codified Principles
  - 6.2 Inquisitorial judicial process
  
  - 6.3 Anti-corruption courts

**Sample reading and reference materials**

1. Schubert, F. A. (2014). Introduction to Law and the Legal System. Cengage Learning.
2. Koppen, P. J., & Penrod, S. D. (2003). Adversarial versus Inquisitorial Justice: Psychological Perspectives on Criminal Justice Systems. New York: Kluwer.
3. Schubert, F. A. (2014). Introduction to Law and the Legal System. Cengage Learning.
4. Kiage, P. (2010). Essentials of Criminal Procedure in Kenya. Nairobi: LawAfrica.
5. Kasneb e-learning resources (link on the kasneb website).
6. Kasneb approved study packs.

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## MODULE TWO

### PAPER NO.4 LAW RELATED TO FRAUD

#### UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the laws related to fraud and investigations.

#### LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply the various laws related to fraud and corruption
- Identify the various fraudulent, corrupt and white collar offences as defined as by the law
- Explore the relationship between fraud and corruption
- Classify fraud/corruption schemes into legal categories and the related legal elements

#### CONTENT

1. **Introduction to fraud**
  - 1.1 Legal definition of corruption, fraud and white collar crime
  - 1.2 Perpetrators of fraud/corruption and white collar crime
  - 1.3 Social and economic effects of fraud and corruption
  - 1.4 Legal and justice challenges of fraud and corruption
2. **Principal categories of fraud/corruption and the legal elements**
  - 2.1 Fraudulent misrepresentation of material facts (false pretences)
  - 2.2 Negligent misrepresentation
  - 2.3 Concealment of material facts
  - 2.4 Bribery
  - 2.5 Illegal gratuity
  - 2.6 Economic extortion
  - 2.7 Conflict of interest
  - 2.8 Forgery
  - 2.9 Theft of money or property
  - 2.10 Breach of Contract
  - 2.11 Breach of fiduciary duty
  - 2.12 Gross negligence
  - 2.13 Conspiracy
  - 2.14 Obstruction of justice
  - 2.15 Perjury
  - 2.16 False claims and statements to government or government agencies
3. **Corruption offences**
  - 3.1 Bribery/ kickbacks
  - 3.2 Conflict of interest
  - 3.3 Abuse of office
4. **Economic crime offences**
  - 4.1 Money Laundering and Terrorist Financing
  - 4.2 Abuse of office
  - 4.3 Tax Evasion
  - 4.4 Bankruptcy/Insolvency Fraud
  - 4.5 Securities Fraud



5. **Anti- corruption courts**
  - 5.1 Parties in Anti-Corruption Court
  - 5.2 Fraud and corruption criminal trials
  - 5.3 Fraud and corruption civil trials
  
6. **Laws/Statutes and offences related to fraud and corruption**
  - 6.1 Penal Code
  - 6.2 Anti-Corruption and Economic Crimes Act
  - 6.3 Leadership and Integrity Act
  - 6.4 Bribery Act 2016
  - 6.5 Public Procurement and Assets Disposal Act 2015
  - 6.6 Proceeds of Crime and Anti Money Laundering Act (POCAMLA) and Regulations
  - 6.7 Controller of Budget Act
  - 6.8 Public Finance Management Act
  - 6.9 Leadership and Integrity Act
  - 6.10 Tax Act
  - 6.11 Securities Act and Regulations
  
7. **International initiatives against corruption**
  - 7.1 Organisation of Economic Corporation Development
  - 7.2 United Nations Convention

#### **Sample reading and reference materials**

1. Association of Certified Fraud Examiners. (2021). 2021 Fraud Examiners Manual. Texas: Association of Certified Fraud Examiners.
2. Grant, T., & Mumford, D. (2018). Civil Fraud: Law, Practice and Procedure. Sweet and Maxwell
3. Kasneb e-learning resources (link on the kasneb website).
4. Kasneb approved study packs.

## **PAPER NO. 5 PRINCIPLES OF LAW OF EVIDENCE AND THE TRIAL PROCESS**

### **UNIT DESCRIPTION**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the principles of law of evidence in fraud/corruption investigations and have good understanding of the court trial processes.

### **LEARNING OUTCOMES**

**A candidate who passes this paper should be able to:**

- Apply the basic principles of evidence
- Apply the burden and standards of proof in civil and criminal proceedings
- Apply the criminal and civil justice system in practice

### **CONTENT:**

- 1. Basic principles of evidence**
  - 1.1 What is evidence
  - 1.2 Information versus evidence
  - 1.3 Principles of evidence - relevance, reliability and admissibility
  - 1.4 Types of evidence - direct and circumstantial evidence
  - 1.5 Forms of evidence - testimonial, real and demonstrative evidence
  - 1.6 Exculpatory and inculpatory evidence
  - 1.7 Character and hearsay evidence
- 2. Burden and Standard of Proof**
  - 2.1 Burden and Standard of proof in criminal cases
  - 2.2 Burden and Standard of proof in civil cases
  - 2.3 Exceptions in the burden and standards of proof
- 3. Criminal Trial Process for Fraud and Corruption Cases**
  - 3.1 What is a criminal offence
  - 3.2 Introduction to criminal law
  - 3.3 Parties involved in a criminal trial
  - 3.4 The rights of criminal suspect and defendant
  - 3.5 The charging process and charging documents
  - 3.6 Joinder of Counts and Joinder of Persons
  - 3.7 Framing of charges
  - 3.8 Defective charges
  - 3.9 Amendment of charges
  - 3.10 Discovery of evidence - adversarial and inquisitorial
  - 3.11 Disclosure of evidence
  - 3.12 Evidentiary legal privileges and protection
  - 3.13 Prosecutorial bargaining agreements
  - 3.14 Trial phases - Pre-trial and Trial
  - 3.15 Fraud case/Criminal defenses
  - 3.16 Sentencing
  - 3.17 Appeal
  - 3.18 Corporate criminal liability
  - 3.19 Corporate deferred prosecution agreement
- 4. Civil Trial Process for Fraud and Corruption Case**
  - 4.1 What is a civil wrong
  - 4.2 Civil procedure
  - 4.3 Trial phases
  - 4.4 Parties in a civil proceeding

- 4.5 Preservation of evidence
- 4.6 Discovery of evidence by the parties to the litigation
- 4.7 Disclosure of evidence
- 4.8 Civil appeals
- 4.9 Civil legal remedies
  
- 5. **Presentation of Evidence in a Court of Law**
  - 5.1 Parties involved in court proceedings
  - 5.2 Qualification for testifying as an expert witness
  - 5.3 Characteristics and skills of an expert witness
  - 5.4 Examination in chief (Direct examination)
  - 5.5 Cross examination
  - 5.6 Re examination
  
- 6. **ALTERNATIVE DISPUTE RESOLUTION FOR RECOVERY OF FRAUD LOSSES**
  - 6.1 Mediation
  - 6.2 Arbitration
  - 6.3 Fidelity insurance

**Sample reading and reference materials**

- 1. Burns, R. G. (2006). The Criminal Justice System. Pearson.
- 2. Monaghan, N. (2015). Law of Evidence. London: Cambridge University Press.
- 3. Association of Certified Fraud Examiners. (2021). 2021 Fraud Examiners Manual. Texas: Association of Certified Fraud Examiners.
- 4. Kasneb e-learning resources (link on the kasneb website).
- 5. Kasneb approved study packs.

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## **PAPER NO. 6 PLANNING AND CONDUCTING FORMAL INVESTIGATION**

### **UNIT DESCRIPTION**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to effectively plan for and conduct fraud investigations and to prepare comprehensive reports.

### **LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Develop a fraud/corruption theory
- Identify off and on book fraud
- Apply the various methods and techniques of conducting fraud investigations
- Write standard investigations and expert witness reports
- Assist management/board in fraud/corruption prevention and detection

#### **1. Introduction to Planning and Conducting Investigations**

- 1.1 Objectives of fraud/corruption investigations
- 1.2 Functions of a fraud investigation
- 1.3 Fraud investigations, forensic accounting and forensic audit
- 1.4 Fraud investigation methodology
- 1.5 Developing a fraud response plan

#### **2. Methods and Techniques of Conducting Investigations**

- 2.1 Analysing documents and collecting evidence
- 2.2 Interviewing theory and application
- 2.3 Interviewing suspects and written confession statements
- 2.4 Undercover operations
- 2.5 Identifying sources of information
- 2.6 Data analysis and forensic reporting tools

#### **3. Digital Forensic Investigations**

- 3.1 Conducting investigations involving computers
- 3.2 Digital investigations versus digital forensics
- 3.3 Digital forensic experts
- 3.4 Digital investigations and law enforcement
- 3.5 Digital evidence
- 3.6 Digital investigation in cloud environment
- 3.7 Phases of digital forensics and investigations

#### **4. Tracing Illicit Assets**

- 4.1 General process for tracing illicit assets
- 4.2 Methods of obtaining information for locating assets
- 4.3 Direct method of tracing illicit financial transactions
- 4.4 Indirect methods of tracing illicit financial transactions
- 4.5 Locating hidden assets
- 4.6 Locating assets hidden in foreign jurisdictions

#### **5. Standard Investigation Report Writing**

- 5.1 Fraud investigation report
- 5.2 Expert witness report
- 5.3 Preparation for report writing
- 5.4 Characteristics of a good report
- 5.5 Common reporting mistakes
- 5.6 Organisation of information

- 5.7 Readers and users of fraud investigation reports
- 5.8 Outlining the fraud investigation report
- 5.9 Grammatical considerations
- 5.10 Fraud investigations report structure
- 5.11 Experts report structure
- 5.12 Reporting documents
- 5.13 Fraud investigation checklist
- 5.14 Fraud investigation engagement letters
- 5.15 Fraud investigation advisory letters

**6. Case Study (Based on competencies acquired in Papers 3,4,5 and 6)  
Based on the case study**

- Determine if there is predication to conduct an investigation by explaining why you believe there is predication or not
- Based on the allegation develop a fraud theory for the case study
- Identify if the fraud is on-book or off-book
- Identify the principal category of fraud in this case study and the laws violated by the fraudulent and corrupt activities
- Plan the investigation
- Identify the justice systems that can be used in the fraud/corruption case
- Explain the trial processes, that is, criminal and civil justice systems in both common law and civil Law for the case study
- Explain the methods and techniques that will be applied to investigate the case study
- Identify the facts/evidence that can be used in a court of law to prove fraud/corruption in this case study
- Prepare a forensic investigation/audit report that can be used in a court of law
- Prepare an expert witness report

**Sample reading and reference materials**

1. Calvinson-Ashley, D. (2016). Forensic Accounting and Fraud Investigation: A Guide to the Profession. International Institute of Certified Forensic Accountants.
2. Pedneault, S. (2010). Anatomy of a Fraud Investigation: From Detection to Prosecution. New Jersey: John Wiley & Sons.
3. Coenen, T. (2009). Expert Fraud Investigation: A Step-by-Step Guide. New York: John Wiley & Sons
4. Association of Certified Fraud Examiners. (2021). 2021 Fraud Examiners Manual. Texas: Association of Certified Fraud Examiners.
5. Kasneb e-learning resources (link on the kasneb website).
6. Kasneb approved study packs.

## MODULE THREE

### PAPER NO. 7 FRAUD PREVENTION AND DETECTION

#### UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to effectively prevent and detect fraud in various settings.

#### LEARNING OUTCOME

A candidate who passes this paper should be able to:

- Design and implement fraud prevention and detection controls
- Develop a fraud/corruption policy
- Develop fraud prevention programs
- Conduct a fraud prevention health check up
- Provide support to the various parties with responsibility for fraud

#### 1. Introduction to Criminology

- 1.1 Understanding criminal behaviour
- 1.2 Theories of crime causation
- 1.3 White collar crime
- 1.4 White collar crime and crimes of the middle class
- 1.5 Occupational crime and related criminology theories
- 1.6 Organisational crime and the related criminology theories
- 1.7 Fraud/Corruption study - cost, how fraud is committed, detection, victims, perpetrators, red flags, presence/absence of internal controls and commission of fraud
- 1.8 Perpetrators of fraud/corruption and white collar crime.

#### 2. Introduction to Fraud Prevention and Detection

- 2.1 Introduction fraud and corruption
- 2.2 Red flags of fraud and corruption
- 2.3 Effects of fraud and corruption
- 2.4 Why fraud occur and the root causes of fraud
- 2.5 Fraud prevention versus internal controls
- 2.6 Types of basic controls
- 2.7 Types of fraud related controls
- 2.8 Strong and weak controls versus effective controls

#### 3. Fraud Prevention Programs

- 3.1 Promoting fraud prevention to board and management
- 3.2 Anti-Fraud Policy
- 3.3 Increasing the perception of detection
- 3.4 Analytical review procedures
- 3.5 Fraud assessment
- 3.6 Surprise audits
- 3.7 Proactive forensic audits and fraud audits
- 3.8 Fraud awareness training and education
- 3.9 Reporting programs
- 3.10 Enforcement of mandatory vacations
- 3.11 Job rotation policy
- 3.12 Effective management oversight
- 3.13 Tone at the top
- 3.14 Fair personnel practices and employee support programs
- 3.15 Open door policies

- 3.16 Organisation structure
- 3.17 Ethics based metrics and performance goals and evaluation
- 3.18 Response to fraudulent activities
4. **Corporate Governance - Responsibility for Fraud Prevention**
  - 4.1 The role of corporate governance in fighting fraud and corruption
  - 4.2 Principles of corporate governance
  - 4.3 Organisation of Economic Corporation Development (OECD) Principles of corporate governance
  - 4.4 Treadway commission
  - 4.5 Mwongozo – The code of governance for state corporations
5. **Management - Fraud Related Responsibilities**
  - 5.1 Vicarious or imputed liabilities
  - 5.2 COSO - internal controls - Integrated framework
  - 5.3 Anti - Fraud and corruption policy
  - 5.4 Effective compliance and ethics program
  - 5.5 Fraud prevention health check up
6. **Auditors' Fraud Related Responsibilities**
  - 6.1 International standards on auditing (ISA240) - Auditor's Responsibilities Relating to Fraud in an audit of financial Statements
  - 6.2 International standards on auditing (ISA 315 Understanding the entity and its environment
  - 6.3 International standards on auditing (ISA 200) Professional Scepticism
  - 6.4 International standards on auditing (ISA 330)
  - 6.5 The international organisation of securities commissions
  - 6.6 The public interest oversight board
  - 6.7 Institute of internal auditors - Professional Practice Standards related to fraud - Standard 1210 - 2130
  - 6.8 Internal auditor's role in fighting fraud
  - 6.9 The auditors' (internal and external) responsibility for auditing value for money in government audits
7. **Ethics for Forensic Auditors/Investigators**
  - 7.1 Introduction to ethics
  - 7.2 General ethics
  - 7.3 Professional ethics
  - 7.4 Morality, ethics and legality
  - 7.5 Examiners/investigators code of professional ethics
    - 7.5.1 Commitment to professionalism and diligence
    - 7.5.2 Illegal, unethical and conflict of interest
    - 7.5.3 Integrity
    - 7.5.4 Complying with lawful orders
    - 7.5.5 Expression of opinions/ guilt or innocence
    - 7.5.6 Confidentiality
    - 7.5.7 Prohibition of concealment of material matters
    - 7.5.8 Continuous practical education
8. **Case Study**

The candidate will be required to do case study on:

  - Conduct a fraud prevention health check on a sample origination.
  - Score the seven criteria of evaluation
  - Identify the fraud prevention gaps

- Make recommendations on how to seal the gaps
- Identify a scenario for a fraud examiner where there is no specific code conduct

**Sample study and reference materials**

1. Wells, J. T. (2014). Principles of Fraud Examination (4th edition). Chennai: Wiley.
2. Biegelman, M. T., & Bartow, J. T. (2012). Executive Roadmap to Fraud Prevention and Internal Control: Creating a Culture of Compliance (2nd edition). New York: John Wiley & Sons.
3. Association of Certified Fraud Examiners. (2021). 2021 Fraud Examiners Manual. Texas: Association of Certified Fraud Examiners.
4. Various Codes of Corporate Governance.
5. Kasneb e-learning resources (link on the kasneb website).
6. Kasneb approved study packs.

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## **PAPER NO. 8 FRAUD RISK MANAGEMENT**

### **UNIT DESCRIPTION**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to develop and implement an effective fraud risk management program.

### **LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Identify, prioritise, evaluate, and treat fraud risks
- Identify fraud related controls and evaluate their effectiveness
- Analyse existing risk management frameworks and their application to manage fraud risk
- Develop a fraud risk management program
- Identify, assess, and manage fraud risks from all sources and support fraud risk management initiatives by establishing an anti-fraud culture and promoting fraud awareness throughout the organisation

### **CONTENT:**

#### **1. INTRODUCTION TO RISK MANAGEMENT**

- 1.1 Definitions of risk
- 1.2 Definition of fraud risk
- 1.3 Types of fraud risks
- 1.4 Definition of risk management
- 1.5 Principles and aims of risk management
- 1.6 Current state of risk management
- 1.7 Risk management frameworks
- 1.8 Risk management process
- 1.9 Fraud risk management- convergence of enterprise risk management and internal control

#### **2. Risk Governance/Responsibility**

- 2.1 The Board of Directors
- 2.2 Board Audit and risk committee
- 2.3 Management
- 2.4 Risk and compliance functions
- 2.5 Internal audit
- 2.6 Legal department
- 2.7 Human resources
- 2.8 Information Technology
- 2.9 Investigation function
- 2.10 Employees
- 2.11 External Auditors
- 2.12 Regulatory Agencies
- 2.13 Anti-Corruption Agencies
- 2.14 Fraud Risk management team

#### **3. FRAUD RISK MANAGEMENT**

- 3.1 Definition of fraud risk management
- 3.2 The objectives of a fraud risk management program
- 3.3 Fraud risk management principles
- 3.4 Steps in developing a fraud risk management program - risk appetite, investment of anti-fraud controls, prevention of material fraud
- 3.5 Fraud risk management program components
- 3.6 Fraud risk policy components

- 3.7 Risk Management Frameworks - Integrating Anti-fraud initiatives into risk management
- 3.8 ISO 31000 2018
- 3.9 Use of data in managing fraud risks
4. **Fraud Risk Assessment**
  - 4.1 Definition of fraud risk assessment
  - 4.2 Inherent and residual fraud risks
  - 4.3 Factors that influence fraud risk
  - 4.4 Objective of a fraud risk assessment
  - 4.5 Why conduct a fraud risk assessment
  - 4.6 Effective fraud risk assessment
  - 4.7 Preventive and detective fraud controls
  - 4.8 Fraud risk assessment frameworks
  - 4.9 Tool for doing risk assessment - Risk register
5. **Fraud Risk Management Process**
  - 5.1 Risk identification- Identification of pertinent fraud schemes
  - 5.2 Risk analysis - Establish weight of each identified fraud scheme
  - 5.3 Risk Evaluation - Review effectiveness of existing controls
  - 5.4 Risk treatment/Mitigation - Responding to residual fraud risks
  - 5.5 Monitoring and Communication - Reporting and monitoring key risks
  - 5.6 Designing a Fraud risk management plan/report
6. **Fraud Risk Register**
  - 6.1 Definition of a risk register
  - 6.2 Designing a fraud risk register
  - 6.3 Using a fraud risk register to manage risks
  - 6.4 Designing a Key fraud risk register
7. **Case Study - Fraud Risk Management**

Based on the case study

  - Identify various fraud risks
  - Analyze the identified fraud schemes using a risk matrix (Likelihood and Impact)
  - Identify the existing detective and preventive controls
  - Evaluate the effectiveness of the preventive and detective controls
  - Evaluate the level of the risks
  - Identify various responses for identified fraud risks
  - Develop fraud risk frameworks (1&2)

#### **Sample reading and reference materials**

1. Turner, C. (2008). *Fraud Risk Management: A Practical Guide for Accountants*. London: CIMA-Elsevier.
2. Chartered Institute of Management Accountants. (2008). *Fraud Risk Management. A Guide to Good Practice*. CIMA.
3. Samociuk, M., & Iyer, N. (2010). *A Short Guide to Fraud Risk: Fraud Resistance and Detection*. London: Routledge.
4. Association of Certified Fraud Examiners. (2021). *2021 Fraud Examiners Manual*. Texas: Association of Certified Fraud Examiners.
5. Kasneb e-learning resources (link on the kasneb website).
6. Kasneb approved study packs.

## **PAPER NO. 9 INTEGRATED CASE STUDY AND WORKSHOP(s)**

The aim of this paper and attendance to workshop(s) is to enable the candidates develop competencies to handle real life situations or simulation of actual work environment requiring fraud investigations. The workshop(s) will also enable the candidate to interact with practitioners in the industry, share experiences and enhance their soft skills.

Integrated case study. Areas to include:

- Prevention and Detection of fraud.
- Responding to fraudulent and corrupt activities.

Workshop(s):

- Current Fraud and Corruption Trends
- Best Practice in fighting fraud and corruption

The above listed reference materials from Paper No. 1 to Paper No. 8 apply.

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