

What differs Traditional Audit from Forensic Audit?

Traditional Auditors look at financial statements and vouchers, but Forensic Auditor look beyond and behind financial statement as they focused on Investigative Audit in search of financial fraud by finding the inadequacies and shortcomings in the existing system and block the loopholes. Forensic auditors have superior eyes and indeed four eyes to see and detect what traditional auditors cannot see. In summary, Forensic Auditors are detective because they see what traditional auditor cannot see.

Financial frauds have from time immemorial affected all establishments and no one is immune to frauds, but they often go undetected due to inadequacies in the system. Recent happenings in most parts of world has exposed the growing greed of human being and art of camouflaging of accounting facts through deception by indulging in fraud and manipulation, depending upon the position that one holds.

As you are aware, Pakistani government have lost billions of rupees and dollars in the past few years to fraud which has led us into the current economic recession, and this is due to the inability and inadequacies of traditional auditing process and reporting.

There was a case of a lost over \$13 billion in March 2005 Stock Market Crash, yet we have auditors that could not detect it, simply because fraudsters have gone advanced and become sophisticated and it was not possible for traditional auditors who are living in the past (analogue) to detect anything. Pakistani government needed to bring foreigners and spent millions of rupees/dollars for forensic auditing of March 2005 Stock Market Crash. If you calculate the loss with the forensic audit fee, you will discover that a lot of money was spent just to get the fact.

*Alarming increase of financial fraud, inability of internal audit and limitation of statutory audit to sniff out the financial fraud has given rise to new profession known as **The Institute of Forensic Accountants of Pakistan (IFAP)**.*

*It is said that if there is a third world war it will not be fought with arms and ammunition. It will be a 'Cyber War'. Along with an increase in technology development and technology dependency day by day, threats of attacks and frauds are also increasing with the same magnitude. These are white collar fraudsters who does not seat at the place of crime and creates havoc for any government or a company sitting thousands of miles away at their home. These has created an urgent need of an army of **Forensic Accountants/Forensic Auditors (FAs)**. With this we wish to bring out to our hearers about the development in the field of forensic accounting, forensic audit and fraud detection and prevention.*

*The **Forensic Accountants/Forensic Auditors (FAs)** have special professional knowledge, skills and sophisticated mechanism and tools to Investigate, evaluate and examine the accounting transactions thereby linking Data, Knowledge, and insight together to detect financial fraud and prevent potential wrongdoings.*