

FORENSIC AUDIT: A CASE OF AUTOMOTIVE COMPANY, LEGAL AND ACCOUNTING ASPECT

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ABSTRACT

Objective: The purpose of the research is to describe the process and the results obtained in the application of forensic auditing to the administrative accounting management of an automotive company, analyzing the possible risks that affect the sustainability of the organization, as well as the role of the auditor in the assurance of financial information.

Theoretical Framework: The purpose of a forensic audit is to validate any potential risk of fraud within an organization, by corroborating findings from an internal audit and starting with a presumption of fraud. It is essential to detect all types of fraud in a timely manner to ensure business continuity.

Methodology: Methodology: The study was conducted using a mixed research design, involving both descriptive and analytical approaches, and incorporating qualitative and quantitative variables. It aimed to identify the essential elements required for the development of the case study route, while following the established procedures of the International Standards on Auditing, as well as employing forensic auditing techniques validated by experts. The study was focused on detecting corporate fraud, highlighting areas of interest with respect to the potential risks of fraud, based on the results of internal control measures.

Results: The forensic audit revealed that the automotive company engaged in fraudulent activity and the extent of responsibility in its execution.

Conclusions: Forensic auditing is a vital tool for companies to detect corporate fraud and minimize financial risks.

Keywords: forensic audit, internal control, opinion, fraud, automotive company, risks.

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AUDITORIA FORENSE: UM CASO DE UMA EMPRESA DO SECTOR AUTOMÓVEL, ASPECTOS JURÍDICOS E CONTABILÍSTICOS

RESUMO

Objetivo: O objetivo da pesquisa é descrever o processo e os resultados obtidos na aplicação da auditoria forense na gestão contábil administrativa de uma empresa do ramo automotivo, analisando os possíveis riscos que afetam a sustentabilidade da organização, bem como o papel do auditor na garantia das informações financeiras.

Referencial Teórico: O objetivo de uma auditoria forense é validar qualquer potencial risco de fraude dentro de uma organização, corroborando os resultados de uma auditoria interna e partindo de uma presunção de fraude. É essencial detetar todos os tipos de fraude em tempo útil para garantir a continuidade das actividades.

Metodologia: O estudo foi efectuado com base num modelo de investigação misto, envolvendo abordagens descritivas e analíticas, e incorporando variáveis qualitativas e quantitativas. O objetivo foi identificar os elementos essenciais necessários para o desenvolvimento do percurso do estudo de caso, seguindo os procedimentos estabelecidos pelas Normas Internacionais de Auditoria, bem como utilizando técnicas de auditoria forense validadas por peritos. O estudo centrou-se na deteção da fraude empresarial, destacando as áreas de interesse no que respeita aos riscos potenciais de fraude, com base nos resultados das medidas de controlo interno.

Resultados: A auditoria forense revelou que a empresa do sector automóvel se envolveu em actividades fraudulentas e o grau de responsabilidade na sua execução.

Conclusões: A auditoria forense é uma ferramenta vital para as empresas detectarem fraudes corporativas e minimizarem os riscos financeiros.

Palavras-chave: auditoria forense, controlo interno, opinião, fraude, empresa automóvel, riscos.

1 INTRODUCTION

An audit is a control measure performed by a specialized professional in a specific field of audit, including financial, tax, and internal control, among others. Its purpose is to confirm compliance with the applicable policies and standards, determining whether the operational and financial situation of a particular entity meets the criteria or not. According to Rozas (2009), forensic auditing is a specialized audit that obtains evidence presented in legal forums, which the author interprets as courts of justice. This evidence is used to prove crimes or settle legal disputes. (Rozas, 2009, p.1)

In a similar vein, Polo and Vásquez (2014) assert that the Forensic Audit serves to an end, providing evidential support for investigating crimes committed by both public servants and private sector employees. Similarly, Castro and Cano (2002) affirm the Forensic Audit's specialty in detecting, exposing, and attesting to fraudulent activities and criminal behavior in the workplace.

The development of both public and private functions opens a broad area for



investigation that extends beyond the mere detection of fraudulent activity and criminal behavior (Castro and Cano, 2002, p. 6). In his work "Audit 2005," Alberto Mantilla emphasizes the growing importance of Forensic Financial Auditing, which is a relatively new field.

The evaluation of national project indicators allows for measuring effectiveness and assessing the impact of different outcomes resulting from their implementation. It encompasses financial, efficiency, and strategic auditing and contributes to overall evaluation. According to Fedchenko et al. (2023), instances of fraud and corruption related to European funds allocated to EU member states are a significant concern for those directly involved in the process. Given text already adheres to the principles or lacks context. In view of the huge sums of money available for the next period (\$2.18 trillion), these concerns are taking on new dimensions. Roman, et al. (2023).

Forensic auditing specializes in detecting and preventing financial statement fraud due to the current dynamism in business activity. Over time, it has widened its scope of action through the technicalization of specific procedures to combat financial crime, and it collaborates with the courts of justice. Similarly, this method relies on the auditor's skepticism, which assumes that all public entities are vulnerable to some form of fraud. Therefore, it is necessary to adopt and use a completely novel set of techniques for detecting and analyzing this financial crime. The significance of the evidence, as well as that of the audited evidence, obtains genuine dimensions when it can be regarded as valuable evidence in court proceedings brought by organizations.

Corporate fraud and profit management have sparked controversy and garnered extensive academic discussion. Companies employ strategic and innovative practices to maintain solvency and preserve desired enterprise value, as noted by Folajimi et al (2023). Forensic auditing specializes in obtaining evidence for financial frauds. It is supported by the elements of financial auditing and forensic science, making it an ally to the courts of justice. It contributes to conflict resolution by providing relevant evidentiary material for judicial investigations into financial crimes. Therefore, this research proposes to solve the following question Is forensic auditing a tool that allows the detection of fraud in organizations?

Currently, there is an increase in the number of errors observed in the preparation of expert opinions executed by forensic auditors compared to the previous period, as noted by PJGROUP (2022). These errors are more frequent in various court cases,



specifically in the handling of audit evidence. They are attributable to a lack of knowledge and experience of the auditor in identifying evidence presented by fraud, which may be fabricated or non-existent. This is further exacerbated by less competent professionals providing advice and guidance, with little relevance to the new tools of forensic investigation that exist in the productive sector.

External auditors are required to adhere to professional standards, and their audit reports should contain a communication outlining critical audit matters. This communication should identify the related accounts and disclosures, and also disclose how these matters were addressed during the audit process (Kachelmeier, et al., 2020). This communication should identify the related accounts and disclosures and disclose how these matters were addressed during the audit process (Kachelmeier, et al., 2020). This communication should identify the related accounts and disclosures and disclose how these matters were addressed during the audit process (Kachelmeier, et al., 2020).

Similarly, KPMG's 2013 study analyzed the impact of fraud on Colombian companies and found that nearly 7 out of 10 companies operating in the country experienced at least one fraud in the past twelve months. The study estimates that economic crimes cost companies approximately \$3.6 billion dollars, representing 1% of the national GDP, with financial fraud accounting for 51% of the damage. (KPMG 2013,7)

The auditor holds a significant responsibility within the professional practice, following the guidelines of ISA 240 set by the Institute of Accountants in 2013. In compliance with these guidelines, the auditor must collect adequate and appropriate audit evidence to identify fraudulent activity or errors that have a material impact on the financial statements and ensure that the financial statements reflect the effect of any fraud or error or that any error is rectified. The likelihood of detecting errors is generally higher than detecting fraud because fraudulent activities are frequently accompanied by planned acts to hide their occurrence (Instituto de Contabilidad de Cuentas, 2013, p.2).

2 THEORETICAL FRAME OF REFERENCE

Forensic audit is a term comprised of two words. The first word pertains to the verification of facts or actions in accordance with established procedures, policies, rules, etc. through presented evidence. The second word refers to a public hearing or forum in which complex or problematic situations are discussed and debated, thereby generating



inquiries such as: what happened, how did it happen? who did it? and why did they do it? among others. The aim is to contribute to the decision-making process by presenting the corresponding evidence. Essentially, these are manifestos accompanied by evidence.

The presented findings aim to inform the community and facilitate informed decision-making for the advancement and development of processes (Arcila, R. H. M., 2018).

Auditing has been a necessary complement to ensure accurate financial reporting since the beginnings of modern accounting. Through harmonization in accounting's history, we have generated complete financial reports. It is the inherent responsibility of the person handling the accounts which adds value to firms' fiscal management by working in tandem with auditing.

Fraud is an illegal or immoral act committed by a person or organization against another person or organization. Consequently, corruption can be found in both public and private sectors.

According to the ACFE Association of Certified Fraud Examiners (2014), fraud is any activity or action that seeks personal enrichment through improper use of an organization's resources or assets.

- Fraud, according to the American Institute of Certified Public Accountants (AICPA, 2017), refers to the *"use of actions that seek to present to investors, analysts, and/or the market an unrealistic situation of the Company in order to satisfy the expectations of some or some of the stakeholders"* (p.1).

As per The Institute of Internal Auditors (IIA, 2008), <<context needed>>. Fraud refers to illegal acts marked by deception, concealment, or breach of trust. It is committed by both individuals and organizations to (i) acquire money, property, or services, (ii) evade payment or loss of services, or (iii) gain a personal or business advantage.

Nye (2003) defines corrupt political acts as those that deviate from the formal duties of a public role, whether elective or appointed, due to private gain or status gain, or when they violate rules against exercising certain types of private influence (p. 6). Similarly, Della (2001) argues that corruption occurs when politics attracts individuals who have the intention and ability to take personal advantage of public resources, replacing the ideological politician with the business politician.

According to Cano et al (2005), the Treasury Department official who captured Al Capone for tax evasion in the 1930s was the first forensic auditor to receive an apology.



This event served as inspiration for the film *The Untouchables*.

It is possible that forensic auditing predates modern times, with its emergence dating back to the very first known law, the Code of Hammurabi, which dealt with rules pertaining to commerce, daily life, religion and more. Double-entry accounting was not in existence during the time of The Code of Hammurabi, which is from Mesopotamia, around 1780 B.C. However, the fragments from 100 to 126 of The Code of Hammurabi clarify the fundamental concept of forensic auditing. This concept involves providing accounting documentation to demonstrate fraud or deceit and also covers profit and loss calculations in business. It is advisable for an accountant to oversee the audit process. Accounting has a long history, dating back to the ancient Egyptians and other great civilizations whose accounting records are preserved in museums today. The forensic audit, however, was born when legal aspects became linked to accounting records and evidence. The Code of Hammurabi is the earliest known legal document that touches on this issue. For instance, it stipulates that if a merchant claims a payment has been made, they must provide proof of the payment. A scribe or accountant could present the receipt before the judge to demonstrate that it was indeed made. The Code of Hammurabi condemned those who denied receiving payment by making them pay up to six times the amount as a penalty for their fraud or lie (Cano & Lugo, 2005, p. 30).

This discipline plays a crucial role in criminal investigations due to its procedural and criminal origin. Its scientific application aids in discovering the facts and imposing penalties as determined by judges. According to Bravo Huatuco (2006), the primary objective of a forensic auditor is to utilize auditing techniques to identify types of fraud within organizations, generating a report that allows internal corrective measures or legal procedures against the fraudsters to be taken.

In recent years, there has been an unfortunate increase in economic crimes, as reported by Rozas (2009). Corruption in the public sector of certain countries is caused by the unethical behavior of senior officials, who embezzle millions of pesos in resources. While some cases may result in legal and economic consequences, the issue is complicated by variations in national legislation, sometimes leading to insufficient penalties for fraud. (Rozas, 2009, p. 3).

According to a 2013 study by KPMG, Colombian companies commonly commit financial statement fraud through the recording of fictitious revenues to artificially inflate the company's performance and bolster negotiating positions during potential sales.



Record a movement of merchandise from one warehouse to another as a sale or choose not to record inventory returns, to maintain a high level of sales and earn bonuses linked to senior executives' "productivity."

Acknowledge future income prospects (e.g., from long-term contracts or financial instrument profits) as present income to demonstrate short-term liquidity and obtain a more generous bank loan.

-To defer a current liability as a future expenditure, manipulating the income statements to display increased returns and decreased liabilities, consequently altering the financial metrics reported to the company's shareholders.

-Amortizing an asset for a duration beyond its estimated useful life, thereby causing the book value of the asset to deviate from its realistic value.

-Inaccurately recording or failing to record a contingency, such as a legal dispute that is expected to result in a loss and failing to recognize the impact on the obligations to creditors ("convenient").

-Labeling certain equipment as purely leased rather than financially leased, (KPMG, 2013, p.5).

2.1 THE STAGES OF THE FORENSIC AUDIT PROCESS

are discussed in the article "Forensic techniques and auditing" by the authors: Ocampo & Iván Trejos.

(2010) Buriticá demonstrates that forensic auditing comprises the following two phases:

- Phase 1, Planning, during which the forensic auditor familiarizes themselves with the case under investigation, analyses existing indicators, evaluates internal control, investigates necessary elements to prepare a report, and defines forensic audit programs for the next phase.

- Phase 2, Field Work, during which the previously planned forensic audit activities and other investigative tasks take place; - In Phase 3, the forensic auditor will exchange information with relevant parties. - Phase 4 involves monitoring the case to continually evaluate the research results and implement necessary corrections (Ocampo and Iván Trejos, 2010, p. 17).

In accordance with the above, the forensic auditor is responsible for investigating cases of



financial crime of which he has been formally and legally empowered by the company's management or by third parties acting against the company. The forensic auditor is responsible for:

- Planning the research.
- Execute the investigation.
- Evaluate the evidence collected.
- Prepare the report agreed upon in the proposal.
- Present and support your report.

In turn, each of these categories of fraud is broken down into a multitude of subcategories, as shown in the following chart in relation to the Fraud Tree, or occupational fraud and abuse classification system, developed by ACFE, (2014

3 METHODOLOGY

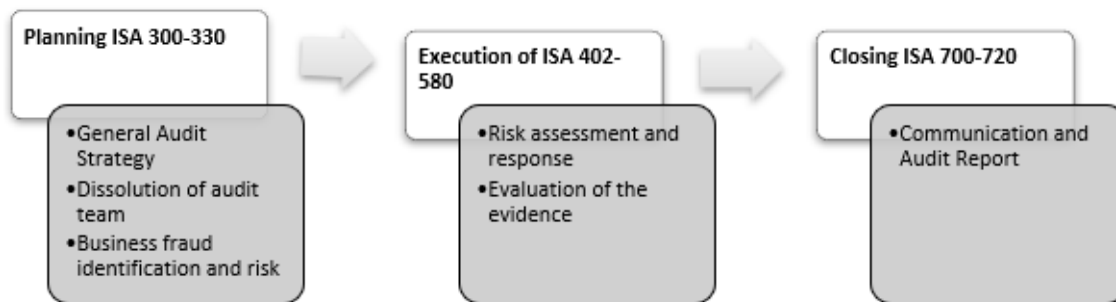
The analysis is a mixed research case study, with a descriptive and analytical approach, based on processes that allow identifying the detection of corporate fraud, allows measuring elements such as execution levels, in financial and administrative management of a company in the automotive sector.

The methodological structuring is based on the review of the company's financial and administrative information, the International Standards on Auditing (ISAs) and forensic investigation techniques were taken as the instruments of application to the auditing procedures, given the scope and recognition within the praxis, considering the presumption of fraud risks as the emphasis of interest, a debugging of results and analysis of the tests kept by the organization is performed.

For the development of the forensic audit of the proposed case, the audit process of the International Standards on Auditing (NIAS) is used, in which is addressed from planning, audit execution, documentation of evidence such as working papers and communication of results as detailed in the following figure.



Figure 1. Audit Process



Source: Own elaboration based on NIAS

Planning: In the planning of the forensic audit work, the tour and interviews in the company are performed to know the organization, administrative and operational sales processes as the preliminary evaluation of internal control, allowed to have a broader understanding of the initial information of the client. *Execution:* Once the characteristic of the work and the scope is determined, we proceed with the audit where the auditor uses all his professional expertise on the case to be evaluated with the audit software tools, checklists and audit techniques, which are necessary in the work process, the documentation is a fundamental part in the working papers of the development since they are the evidence that will allow him to reach a conclusion on what supports his opinion, the sources of information to be used in the case are internal and external sources, and finally the communication of the results to management. *Report:* This case manages to demonstrate the effects of weak controls that are exploited by an employee to commit fraud by taking advantage of management's trust.

A summary of the international auditing standards used in the audit process at each stage, issued by the International Auditing and Assurance Standards Board (IAASB), is detailed.

Table 1. International Standards on Auditing

Phases	NIAS
Planning	ISA 300: Planning an Audit of Financial Statements. ISA 315: Identifying and Assessing the Risk of Material Misstatement and Alignment and Consequential Amendments. ISA 320: Materiality in planning and performing the audit. ISA 330: Auditor's Responses to Assessed Risks.
Risk assessment and response to assessed risks/internal control	ISA 402: Audit considerations related to an entity that uses a service organization. ISA 450: Evaluation of Misstatements Identified during the Audit.
Audit evidence	ISA 500: Audit Evidence. ISA 501: Specific Considerations for Audit Evidence for Selected Items. ISA 505: External Confirmations.



	ISA 510: Initial Audit Engagements: Opening Balances. ISA 520: Analytical Procedures. ISA 530: Audit Sampling. ISA 540: Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures. ISA 550: Related Parties.
	ISA 560: Subsequent Events. ISA 570: Current Concern. ISA 580: Written representations.
Conclusions and audit opinion	ISA 700: The Auditor's Opinion on Financial Statements. ISA 701: Modifications to the Independent Auditor's Opinion. ISA 705: Modified Opinion in an Independent Auditor's Report. ISA 706: Emphasis of Matter and Other Matter Paragraphs in an Independent Auditor's Report. ISA 710: Comparatives. ISA 720: The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

Source: Own elaboration based on NIAS

The following are some of the most important techniques used in the audit process.

Research, interviews: interviews were conducted with the administrative staff of the company Automotor, the interviewees mostly occupy administrative and sales positions, to verify compliance with the processes that are documented by the company, to encourage the responses in a more sincere way was socialized to the interviewee that the processes were being audited and not qualifying the work of employees of the company, in turn emphasized the rights and confidentiality of the information provided by the interviewees, In accordance with the code of ethics for accounting professionals issued by the International Federation of Accountants (IFAC), the auditor conducted the interviews in the jobs of employees and others in the Board room of the company, to ensure a quiet place for the interview, a review note was prepared where the thoughts and observations of the interviewee were recorded, and then analyze the results with the respective findings.

Analysis of accounting and data supports: The accounting supports and administrative use in internal and external transactions of the company were reviewed to confirm their suitability as support in accounting and veracity in the information with the respective authorizations in electronic and physical media, such as customer consignment supports, records in accounting and vehicle exit authorization, support of commissions among others that could determine the transactional cycle of the operations, the analysis of historical financial data thus helping the auditor with his professional skepticism to form an opinion of the operations with the supports of the different findings found in the



audit process that were timely communicated to the administration, to avoid the risk of resignations of the personnel immersed in the case of fraud.

Development and application of the audit methods: For the execution of the forensic audit, the steps set forth in the international auditing standards were followed, consisting of audit planning, execution and closing of the audit.

As in any process, this part is of vital importance for the achievement of the proposed objectives. Therefore, the audit was guided by the partner and audit management managers, and developed by

the audit group designated for the entity, since they have sufficient experience and knowledge for its preparation.

The aim is to obtain a broad understanding of the procedures and activities developed, their operations, a clear understanding of the figures, the way of making decisions, the flow of information, an understanding of the internal organization, both operational and administrative, knowledge of the legal aspects, the timeliness of the information, the risks and the internal control implemented, the identification of the most important and representative aspects that affect the audit work, and will undoubtedly provide an adequate strategic audit planning.

Within the Internal Control Evaluation stage, procedures based on the NIAS framework were applied, such as:

- Inquiry and documentation with knowledge of the client's procedures (ISA 300/230).
- Analysis of financial variations, by means of analytical and inquiry procedures.
- Evaluation and documentation of the risks inherent to the transaction, market, system, and financial record to which our client is exposed (ISA 315/230).
- Evaluation through detailed tests on the mitigating controls of the identified risks (ISA 330/230).
- Audit evidence - testing of manual and IT controls (ISA 500/230)
- Assessment of the outsourcing organization's risks and controls (ISA 402)
- Communication with corporate governance and communication of internal control deficiencies (ISA 260/265) - Determination and use of materiality (ISA 320)
- Evaluation of Misrepresentations Identified during the Audit (ISA 450)
- Development of the audit strategy (ISA 300)



As a result of the review and evaluation of internal control (main stage), the impacts are established at the level of controls that allow us to have a projection of the scope that will be given to the audit procedures on the financial figures and the applicable regulatory framework.

For the development of the audit, it is performed under the following conditions, taking into consideration the provisions of the International Standards on Auditing:

3.1 PART 1. EVALUATION OF THE COMPANY'S INTERNAL CONTROL SYSTEM

For the evaluation of the internal system, the following phases were conducted:

In the first stage, customer planning was conducted by understanding the environment, knowledge of the customer and the positioning of the company Automotores S.A.

Environment customer knowledge and positioning of the company Automotores S.A. AUTOMOTORES S.A. is a legal entity, incorporated by means of Public Deed No.68978 since July 1995, registered in the commercial registry of the Chamber of Commerce, domiciled in the city of Bogotá.

The corporate purpose of Automotores S.A. includes the purchase, sale, import, export, distribution, transformation of all kinds of motor vehicles, equipment, parts, pieces, bodywork, spare parts and accessories for the same, as well as the provision of cargo and passenger services; diagnostics, preventive and corrective maintenance, collision service with brass plating and painting maintenance of vehicles; consulting, consulting and appraisals of all operations inherent to the automotive sector.

The company has a wide experience with more than 20 years in the automotive market, who is the main representative of the important company FORD MOTOR COLOMBIA, for the commercialization of new and used vehicles, Quick lane, spare parts, collision and specialized technical service, the company has a trained and committed team to deliver dynamic and comprehensive solutions that meet the needs of its customers.

The company has a duly planned organizational structure that allows us to obtain a uniform and synthetic idea of the formal structure of the company, its human resources and hierarchical scheme and competencies within the same, where it is observed that according to the organization chart approved in the S.G.C. the advisors and/or commercial consultants depended directly on the "Hyundai Vehicle Commercial



Management" and "Ford Vehicle Commercial Management".

It is noted that the audited company has the ISO 9001: 2008 Quality Management System Certification, issued on January 17, 2013, regarding the "Marketing of vehicles, spare parts and after-sales service in the automotive sector". Thus, it is specified how the company operates under quality standards and service levels, allowing us to infer that the company conducted a procedure to increase customer satisfaction, measure and monitor the performance of its processes, increase the effectiveness and/or efficiency of the organization in achieving its objectives and finally improve internal processes.

The internal control procedures and risks in the company have manuals and procedures for each of the processes conducted within the company, these procedures are endorsed by management, and which are duly socialized with each work area, regarding their management.

In the HSEQ integrated management policy we find:

"A team committed to the entry of dynamic and comprehensive solutions that bring happiness and tranquility to our customers, in the marketing and after-sales of the automotive sector; with leadership and participation of employees, partners and suppliers, through the optimization of resources and continuous improvement of the integrated management system. Oriented to: satisfy the needs of the interested parties, complying with the applicable legislation and agreements in force, assuming the commitment to implement an occupational health and safety management system with the objective of protecting the physical and mental health of employees, contractors, subcontractors and visitors, identifying and preventing negative environmental impacts, injuries, risks, occupational diseases, alcohol consumption, smoking and drug addiction. This is still in force and published on the company's intranet page to which all company employees have access.

In the accounting practices and main accounts of the financial statements: In the accounting records and the preparation of the financial statements, the company follows the principles and standards accepted in Colombia in accordance with the International Financial Reporting Standards-IFRS.

The Financial Statements of AUTOMOTORES S.A. as of December 31, 2012, and December 31, 2013, are certified by the Legal Representative and duly audited by the Company's auditor; said financial statements are accompanied by the management's management report for those same periods.



3.2 PART 2. APPLICATION OF FORENSIC AUDITING TECHNIQUES

3.2.1 Objectives

1. To issue an opinion on the structure, general environment, and internal control system of the audited company for the periods corresponding to the years 2012 to 2013, in relation to the cases of fraud conducted by Consultant Mr. Pomares on the contractual business allegedly performed.
2. Submit an accounting and economic report on the facts that gave rise to the possible deviation of resources on the business conducted by Mr. Pomares with the client Campers y Camionetas S.A.S., between August 2012 and March 2013 approximately, supported by the preliminary report provided by the internal control office, documentary contribution in physical and logical media and forensic report outline socialized by the internal control office and issue forensic conclusions on the operations and supports evidenced.

3.2.2 standards applicable to forensic auditing

However, given that this type of audit in accounting terms is much broader than financial auditing, by extension it should be based on generally accepted auditing principles and standards and especially on standards relating to the control, prevention, detection and disclosure of fraud, such as SAS auditing standards No. 82 and No. 99 and the Sarbanes- Oxley Act. Forensic auditing as stated by Aguirre & Flores (2019), has been used in Latin American countries by corporations for the detection of fraud, money laundering, corruption. Atagan & Kavak (2017), defines forensic auditing as a control tool to be implemented in companies as a first defense against internal or external fraud cases.

3.2.3 Audit Methodology

In order to identify possible irregularities and deviation of resources in the operations carried out by Mr. POMARES, who acted as a Consultant of AUTOMOTORES S.A. during the years 2011 to 2013, a descriptive study of the facts that gave rise to the possibly fraudulent activities was carried out, a methodology consisting of the following elements was established:

Problem definition and recognition.

1. Compilation of accounting, administrative and procedural documentary



evidence.

2. Evaluation of the evidence collected, taking as a starting point a preliminary
3. report provided by the company's internal control office.
4. Evaluation of the Internal Control System implemented during 2012 and 2013.
5. Preparation of report with findings, conclusions, and recommendations.

3.2.4 Audit Techniques Employed

In the development of the activities some of the methods of regular use of the audit are used, which include interviews, institutional visits, management meetings, among others, and these, in turn, result from them:

- Documentary verification: Verification and systematization
- Ocular Verification: Direct Observation and Validation
- Records Verification: Analysis, Reconciliation, confirmation
- Verbal Verification: Personalized interviews
- Physical Verification: Comparison, tracing, selective review

3.2.5 Activities Performed

The performance of the commercial operations conducted by the Consultant Mr. Pomares Pérez was verified, the existing physical supports were verified, with reference to the following aspects:

1. The component of the evaluation process that allowed this audit, through the use of techniques and procedures evidenced in the Quality Management System implemented by the company during the period 2012 and 2013, to identify and assess the risks of the operations carried out while evaluating the general structure of the company, a framework under which for that period the controls applicable to the sales procedure were established.
2. The causes for which the commercial operations conducted by the Consultant Mr. Pomares evaded administrative and operational controls.
3. The operations conducted were quantified by analyzing the existing documentary and logical support.
4. General and specific conclusions were issued on the most relevant aspects of the audit performed.



3.2.6 Audit Execution

For the development of this stage, the results obtained from the evaluation of internal control were used for the development of the evaluation of financial data based on the audit strategy (ISA 300).

Within the Evaluation stage of the financial and tax data and monitoring of Management and Administration we will apply procedures based on the NIAS framework such as: - External Confirmations (ISA 505)

- Opening balances (ISA 510)
- Analytical procedures (ISA 520) and Detailed sampling procedures (ISA 530)
- Estimates (ISA 540) - Related parties (ISA 550)
- Subsequent Events (ISA 560) - Going Concern (ISA 570)
- Group audit (ISA 600) - Use of internal auditor's work (ISA 610)
- Use of an expert's work (ISA 620)
- Audit of Financial Statements prepared in accordance with a special purpose financial reporting framework (ISA 800)
- Audits of a single financial statement or of a specific item, account, or line item of a financial statement (ISA 805)

As alternative procedures to the integral evaluation within the development of the audit, a review of the legal and statutory compliance by the corporate governance and the commitments of the main contracts generating possible financial and market impacts for the entity was conducted with the legal team.

4 RESULTS

4.1 IDENTIFICATION OF OPERATIONS WITH POSSIBLE DIVERSION OF RESOURCES

4.1.1 Background

Mr. Pomares, linked to the company Automotores S.A on March 2, 2011, as stated in the entry report, who held the position of consultant (Consultant) of vehicles, who under the provisions of the job profile fulfilled the responsibility of carrying out negotiation processes for the acquisition of vehicles, provide ongoing consultancy with the client, coordinate and control the entire sales process within the established standards, maintain monitoring and control over the process of collection of portfolio, coordinate the process of study and definition with financial institutions, comply with all the required



documentation and deliver it within the agreed terms, prior compliance with the sales procedure manual established by the company, deliver the vehicle, comply with internal safety procedures regarding the handling of the vehicle in road test and handling of company money, comply with the sales protocol established by the parent company and finally report in a relevant and permanent manner to the "Hyundai Vehicles Commercial Manager" on the development of its business.

It is observed by virtue of the procedure of selection, hiring, training and evaluation of personnel of the company Automotores S.A., that the worker in question attended trainings, training, induction and re-inductions, required for the proper development of his functions within the company, which is recorded in the file of his resume and annexes on the hiring process.

In the common development of his work, there is evidence of business carried out by Mr. POMARES, with the company CAMPEROS S.A.S, since August 2012, as evidenced in the auxiliary accounting of orders requested to the company for the relevant purposes of this audit on the business concluded between the periods 2012 and 2013, which were known by AUTOMOTORES S.A. since the original documentation such as the preparation of purchase order, entry of this to the information system, the information about them was pertinently provided to the superior, in this case to the HYUNDAI VEHICLES COMMERCIAL MANAGER, the necessary documentation for the legalization of the business and the departure of the vehicles, such as ; Copy of the owner's identification card, order form, registration fees, sales invoice, copy of the certificate of origin and/or copy of the import declaration, copy of the SOAT, copy of the registration form, copy of the ownership card, copy of the driving and trust policy, copy of the registration fees, document delivery report, checklist, exit order, business sheet, printout of the absence of fines (if applicable), negotiations are attached and the documents are correctly issued from the company's information systems (AMS Version 1.0.0.0), on which there is evidence of compliance with the sales policy and procedure manual socialized and known by Mr. POMARES through the Quality Management System according to "Code: Sales- P03, Effective Date: 30-08-2012, Version: 3 Pages: 1 to 13".

Based on the foregoing, it may be concluded that the parties involved (buyer and consultant/seller) were aware of the formalities required by the concessionaire for the execution of the vehicle purchase and sale contract and that the consultant in particular



was aware of the sales procedure with respect to all the business carried out by him during the year immediately prior to the occurrence of the facts.

4.1.2 Facts Relating to the Identification of Business Done by Mr. Pomares with Customer Camperos S.A.S

1. On Monday, March 18, 2013, the Parts Manager of the dealership noticed an inconsistency in the procedure of the exit of a vehicle resulting from a sale carried out by Mr. Heber Pomares, which was immediately communicated to the Commercial Manager, which was brought to the attention of the General Manager of the company through regular channels.
2. Therefore, the internal control office was informed of this circumstance on March 19 of the same year, to which the auditor initiated an investigation process on the orders for the departure of vehicles for this season from the preparation center to the show case (place of delivery of the vehicle to the buyer, once all the requirements have been met and 100% of the value of the vehicle has been paid by the buyer and verified by the consultant).
3. Since then, the internal control auditor proceeded to review all the supporting documents of the business deals entered by Mr. Pomares, in the presence of the Hyundai Commercial Manager, commercial assistant and security guard, where no documentation was observed that would allow the fact to be elucidated.
4. On the same date the company's auditor receives a call from Mrs. Pilar, informing her about her relationship with the company CAMPEROS Y CAMIONETAS S.A.S., and makes a query regarding pending business between Mr. Pomares and them, to which the auditor requires the owners of the company to clarify the situation.
5. At 09:00 a.m. the following morning, Mrs. Pilar Ortegón and her husband Mr. Juan Peña, owners of the company CAMPEROS Y CAMIONETAS S.A.S., entered the facilities of the company Automotores Comagro, where they informed the auditor not only about the business that was pending to be concluded, but also about the previous ones, indicating that it had been more than 7 years since the company was founded.

They also report that they have tried to contact him on his cell phone, but he has not answered their calls, which is why they are concerned.



6. Knowing then the motive, the partners of CAMPEROS Y CAMIONETAS S.A.S. proceed to reveal documents where they give account of the consignments, orders with stationery of the company AUTOMOTORES COMAGRO, to which the auditor proceeds to take copy of all the documents to proceed with the investigation on the sales of Mr. Pomares.

7. During the review of the evidence provided by CAMPEROS Y CAMIONETAS S.A.S., the auditor noted in the invoices and purchase orders slight differences to those issued by the information system of the company COMAGRO, to which she told the partners of CAMPEROS that she would keep them informed since the company should verify the information provided by them.

Once analyzed the physical evidence collected on twenty-eight businesses conducted in a particular way with the client CAMPEROS Y CAMIONETAS S.A.S, between August 2012 and March 2013 approximately, businesses duly recorded in Comagro's accounting that coincide with the documentation provided by the client Camperos y Camionetas S.A.S. according to meeting with Dr. Martha Yaneth Cardozo Figueredo on March 19, 2013, the following findings organized in 2 groups are observed:

Group 1 - Transactions Recorded with Original Documentation

A. *Current portfolio of vehicles delivered to the customer CAMPEROS S.A.S:*

✓ 14 vehicles were found with portfolio balances as of March 19, 2013, corresponding to vehicles delivered to the client by the Consultant Mr. Pomares up to a value of \$478,946,101, this situation represents a commercial benefit for the client, since it receives the inventory of vehicles without having paid the full cost according to original sales invoices, in addition to failing to comply with the provisions of the numerals 6.1.8 Invoicing, 6.1.9 Vehicle registration, 6.1.11 Document delivery and 6.2.1 Vehicle delivery of the sales procedure "Sales - P03".

✓ We note in this same annex, that according to the requests made by the consultant Mr. Pomares, it was recorded that the activity of registration of vehicles, would be performed directly by the customer, in particular this situation occurred with the customer CAMPEROS Y CAMIONETAS S.A.S., situation that benefits the client in the commercialization of the inventory of vehicles and legalization before the transit authority, registering third parties different from those printed in



the original invoices issued by the concessionaire according to the documentary evidence provided by the same client, in the same way there is no legal document evidencing CAMPEROS Y CAMIONETAS S.A.S. as an intermediary or contractor of the "Authorized" concessionaire to perform these registration and documentation processing activities.

The above situation, in non-compliance with the provisions of 6.1.9 Vehicle registration of the sales procedure "Sales - P03", a procedure that will be conducted only by AUTOMOTORES S.A.

B. Undelivered invoiced vehicles:

✓ Three (3) vehicles were found with portfolio balances as of March 19, 2013, corresponding to vehicles invoiced in the name of third party clients of CAMPEROS S.A.S. up to a value of \$146,890,081, inventory units that were not delivered by the concessionaire, given their current portfolio conditions, this situation does not comply with the provisions of the "Internal Communication of July 16, 2012" of the General Management, numerals 6.1.8 Invoicing and 6.1.9 Vehicle registration of the sales procedure "Sales - P03", which informs of the prohibition to invoice and deliver vehicles without 100% payment.

C. Invoiced vehicles delivered but not registered:

✓ We observed that in virtue of a meeting with Mrs. Pilar and Mr. Juan (Representatives of Camperos y Camionetas S.A.S.) by the Internal Audit Office of the Comagro Company, on March 19, 2013, matters related to the business that the client was conducting with the consultant Mr. Hebert were discussed. Hebert, meeting where aspects of unusual and suspicious negotiations with missing documentation, unauthorized commercial discounts, negotiations without legalization in the concessionaire were discussed, among other aspects, the client also stated to have in his possession three (3) of the vehicles delivered by Mr. Pomares for a total amount of \$154.805.000 and unregistered due to lack of complete documentation, notwithstanding the meeting held at the dealer's facilities, the vehicles were subsequently registered by the customer CAMPEROS Y CAMIONETAS S.A.S., with documents unknown to the dealer, since the entity filed a complaint for loss of original documents for these three vehicles.

D. Identification of unauthorized discounts:

✓ We evidenced the delivery of 27 vehicles to the client CAMPEROS S.A.S.,



where the Consultant made two purchase orders with different characteristics, one generated through the information system of AUTOMOTORES S.A. complying with the requirements demanded by the company and another purchase order where commercial discounts were registered up to a total value of \$328.490.000, which directly benefit the client CAMPEROS

S.A.S. with sales prices and discounts that were not previously authorized by AUTOMOTORES S.A., in compliance with the sales procedure "Sales - P03" and the Hyundai Commercial Sales Plan approved and socialized via e-mail with the consultants monthly.

E. Identification of customer consignment of trucks and vans:

✓ We observed that the client CAMPEROS S.A.S. filed a lawsuit on April 24, 2015, with process number 11001310302520140075901, No. 2014 -0759 against AUTOMOTORES S.A., where checks drawn to the entity are related, the supports of income and application of payments to the client were verified, evidencing that AUTOMOTORES

S.A. made the application of these titles to the portfolio pending to date by the client, product of the negotiations made between the two entities during the years 2012 and 2013, as evidenced in the documents legally issued from the information systems of AUTOMOTORES S.A. and in attention to the documents provided by the client in a meeting of March 19, 2016 with the Internal Auditor of the concessionaire. The application of 14 checks consigned in the banks Bancolombia, Occidente and Davivienda in the name of AUTOMOTORES C S.A. in the amount of \$517,200,000 and cash consignment in the amount of \$18,946,700 is documented, such credits were recognized in favor of the portfolio in force with the client as a product of the negotiations legally originated with the concessionaire.

F. Checks drawn on the Consultant:

✓ We observed that the customer CAMPEROS S.A.S., despite having conducted prior negotiations with the Dealer and having full knowledge of the procedures and formats established in the sales procedure "Sales - P03", as evidenced in orders No. PVCH 5007 of September 3, 2012, PVCH 5080 of October 24, 2012, PVCH 5097 of October 29, 2012, among others, made in the same conditions as the consultant Mr. Pomares, it deliberately makes payments in favor of the consultant Mr. Pomares, a procedure that was not previously authorized by



AUTOMOTORES S.A., the cases observed are the following:

Table 2. Verification of drawn checks

CHECKS DRAWN ON CONSULTANT			
NO. CHECK	BANK	VALUE	DATE
10266491	BANCOLOMBIA	\$ 14.560.000,00	February 12 2013
18873-8	DAVIVIENDA	\$ 23.800.000,00	MARCH 14-2013
Total		\$38.360.000,00	

Source: Own elaboration

G. *Sales management planning and reporting:*

✓ It is observed that the procedure ensured in the Quality Management System contemplates the activities of planning and sources of Prospecting, which records the commitment by the sales consultant on reporting the sales management that is advanced individually or massively, through emails or minutes of meeting in sales, a situation that was never reported by the Consultant Mr. Hebert Pomares to the entity, particularly with the customer Camperos y Camionetas, failing to comply with the provisions of numeral 6.1.1 Planning the sale of vehicles and 6.1.2 Sources of Prospecting. Hebert Pomares to the entity, particularly with the client Camperos y Camionetas, not complying with the provisions of numeral 6.1.1 Planning the sale of vehicles and 6.1.2 Prospecting Sources of the sales procedure "Sales - P03".

✓ It is observed that in attention to numeral 6.1.3 Work Agenda Spreadsheet of the sales procedure "Sales - P03", the consultant Mr. Hebert Pomares did not register in the CRM software, the identification of calls, appointments inside and outside the plant and scheduling of portfolio collection, particularly with the client Camperos y Camionetas S.A.S.

H. *Summary of lost documents:*

✓ It was evidenced the documentary loss of the supports of these negotiations particularly made with the client CAMPEROS S.A.S., which were under the responsibility and custody of Mr. Hebert Pomares, no printed, approved and sealed documents are evidenced, corresponding to cash receipts, photocopy of the client's ID card, pre-printed order of the business, copy of the system order, import declaration certificate, vehicle sale invoice, vehicle delivery certificate, liquidation of the business sheet, vehicle exit orders.

This situation does not comply with the provisions of the sales procedure "Sales -



P03", Article 68 of Law 43 of 1990, Articles 123 and 124 of Decree 2649 of 1993, Articles 54, 56 and 60 of AUTOMOTORES S.A.'s Internal Labor Regulations.

I. Edited invoices delivered to the client Camperos y Camionetas S.A.S:

✓ Invoices with altered information with respect to the original invoice were evidenced, said invoices were provided by CAMPEROS Y CAMIONETAS in a meeting held on March 19, 2013, documents that were deliberately altered in their physical structure and content to those originally reported in the AMS information system managed by the company Automotores Comagro, by the Consultant Mr. Pomares, said altered invoices register CAMPEROS S. A . S. customers.

✓ As stated in Extra procedural declaration No. 1142 of March 22, 2013, at Notary 52 of the Bogotá Circle, by Mr. Pomares, physical documents provided by the client CAMPEROS Y CAMIONETAS S.A.S. and in accordance with Criminal Complaint No. 014350, filed on May 10, 2013, Attorney General's Office against Mr. Pomares.

✓ This situation benefits the commercial interests of the customer.

CAMPEROS Y CAMIONETAS S.A.S., in addition to not complying with the provisions of the sales procedure "Sales - P03", articles 54, 56 and 60 of AUTOMOTORES S.A.'s Internal Work Regulations.

J. Irregular characteristics in documentary support:

✓ In development of the Audit and in attention to Extra procedural Act No. 1142 of March 22, 2013, Notary 52 of the Circle of Bogota, where Mr. Pomares accepts the forgery of original documents of the concessionaire, we observed various aspects between the original and forged documents such as:

- Larger font size and bold typeface.
- Different names in the customer field.
- Modification of the customer's personal data.
- Modification of the document number credited on cash receipts.
- Signature on original invoices that does not match the original signature registered in Automotores S.A.
- Modification to the VIN number of the vehicle registered on original invoices.
- Vehicle registration certificates with data different from those recorded in the original invoices.
- Documents without signature and authorization stamp from Automotores S.A.



4.2 GROUP 2. OPERATIONS REPORTED BY THIRD PARTIES WITHOUT ORIGINAL COMAGRO DOCUMENTATION AND PROCESSING: THIRTY-SEVEN CASES

It is evidenced that according to information and documentation provided by CAMPEROS Y CAMIONETAS S.A.S., where they state and make physical delivery to the legal office of the company to which we proceed to take a copy where it is evidenced that Mr. POMARES delivered 37 purchase orders, of which according to physical support delivered by the client CAMPEROS S.A.S. these orders were generated manually and were not legalized through the AMS information system, as indicated in the "sales procedure P03".

It is necessary to clarify that these purchase orders were not known by Automotores Comagro until the CAMPEROS company delivered them in the mentioned meeting, so it can be understood that the audited company did not approve these orders, since they were not submitted for approval to the superior (Hyundai Commercial Manager) by Mr. POMARES. It is worth remembering that Automotores Comagro had established sales procedures, designed, and endorsed by the management for this type of operations, as required in the sales process which is standardized in the process of characterization of the company's process.

There is unmistakable evidence of "Unusual" facts which were of full knowledge of the client Camperos y Camionetas S.A.S., thus evading the controls established by Automotores Comagro S.A., aspects such as:

- Limiting the only contact with the dealer to the consultant HEBERT POMARES, when it was natural that given the volume of vehicles acquired, the relationship should be escalated to general management or at least to the level of commercial management.
- Do not suspect that the discount subtly offered by the consultant did not appear expressly in the purchase orders. It should be noted that to record it, the expression "other" was indicated generically, without clarifying this item in other places, such as in the comments box.
- Profit margins of CAMPEROS S.A.S. were observed, which exceeded notoriously the usual in the vehicle sales business.
- We found that the profitability margin (gross) for the dealer AUTOMORORES COMGRO S.A., represents a negative percentage in these operations, since it is



not even enough to cover the cost of the vehicle according to the purchase invoice delivered by Hyundai's headquarters.

Upon analysis of the physical evidence collected on the thirty-seven unauthorized orders and delivered in physical sheet by the client CAMPEROS S.A.S., the following findings are observed:

A. Purchase orders delivered by CAMPEROS S.A.S.

✓ It is worth mentioning, that in this case the documents provided were unknown by AUTOMOTORES COMAGRO S.A. therefore these correspond to the documents presented in (photocopy) provided by the client CAMPEROS S.A.S, in meeting of March 19, 2013, from which the following is observed:

✓ It is evident that the purchase orders do not comply with the requirements ensured in the Quality Management System implemented by the audited company, as they are not authorized by signature and stamp authorized by the company, additionally we note that the pre-printed order form provided by the customer records the following text:

"NOTE: This order is subject to management approval, the delivery date is subject to the allocation and distribution process established by the parent company."

Therefore, this situation does not comply with the provisions of the sales procedure "Sales - P03".

✓ It is evidenced in the purchase orders that they state in their pre-printed order form that the registration process is under the exclusive responsibility of the Dealer, however, non-compliance is observed since the orders indicate that this process is the responsibility of the customer.

✓ There is evidence of vehicle sales prices below the established commercial values.

✓ It is observed that most of the orders were placed on February 11, 2013, in a massive manner and in clear non-compliance with the procedures established by the concessionaire.

B. Purchase orders did not enter the AMS system:

✓ There is evidence of physical purchase orders delivered to the customer with information on date, customer name, ID number, telephone number, vehicle to be purchased, model, type, service, value of the vehicle, and discounts of \$13,000,000



and \$14,000,000 for vans and \$7,500,000 for cars, without authorization from the Hyundai Commercial Manager.

✓ It is observed that there are no records in the AMS system or reports of the negotiations that were being conducted with the AMS system for the purchase orders.

○ This situation does not comply with the provisions of the sales procedure "Sales - P03".

✓ There is no evidence in the purchase order or in any other type of document. that the company has of the way in which the existing balances for these "supposed" purchase orders would be cancelled.

✓ As evidenced in the lawsuit filed by Camperos y Camionetas, it is worth mentioning that although there is a reference to purchase orders for the purchase of some motor vehicles, there is no mention in such orders of the sale of some accessories.

C. Sales prices are below purchase prices.

✓ According to the supports provided by CAMPEROS SAS, documents are also observed, filled out manually, without the name of the company, without any company stamp, seal or pro forma on documents such as (expense vouchers, cash receipts).

✓ High sums of money delivered in cash (as evidenced by the consignments made by CAMPEROS S.A. themselves) and as evidenced in the consignments where values consigned in cash are evidenced.

✓ It is evident that the consultant carried out new negotiations with CAMPEROS S.A.S, despite having knowledge of the existence of portfolio balances, on the 28 negotiations initially carried out with the concessionaire, during the period from August 2012 to January 2013, a situation that does not comply with the procedure established for the quality management system.

D. Closing of the audit

The forensic audit was socialized to the company's partners on the weaknesses detected in the administrative system process and the fraud events occurred in the organization, the planned activities were executed according to the framework of the ISAs, as follows:

- Continuity in the operational effectiveness of the Controls



- External confirmations (ISA 505)
- Opening balances (ISA 510)
- Analytical procedures (ISA 520) and Detailed sampling procedures (ISA 530)
- Estimates (ISA 540)
- Related parties (ISA 550)
- Subsequent events (ISA 560)
- Going concern (ISA 570)

The internal quality procedures were considered for the evaluation of the audit evidence in order to express an opinion on the Financial Statements provide reasonable assurance and are free of material misstatements for which the evaluation of internal control is taken into account without interfering in its effectiveness, for which the following procedures are applied based on the NIAS framework such as:

Management representations (ISA 580)

- Evaluation of Evidence and Formation of Opinion (ISA 700)

- Communication of key audit matters in the auditor's report issued by an independent auditor (ISA 701)

Amendments to the auditor's report (ISA 705)

- Others related to the report (ISA 706/NIA 710/ ISA720).

5 DISCUSSION

In accordance with the findings denounced throughout this report, it is possible to determine the possible intention of the employee to attack the economic interests of AUTOMOTORES S.A. in search of a particular interest, since he evidently generated an economic damage to the company, failing to comply with the procedures established by the same for the proper handling of the sales made by the consultant, which is a notorious fact, since evidently Mr. POMARES clearly had full knowledge of the instructions given through the mechanisms of knowledge used by the company COMAGRO S. A. on the internal procedures for the sale of vehicles. A on the internal procedures for the sale of vehicles, in this sense it is understood that he deviated from his regular conduct, since according to evidence Mr. POMARES had already made sales with different clients without finding any novelty in his actions, including sales with the company CAMPEROS Y CAMIONETAS S.A.S., being then in full compliance with his functions without any excess or omission of these that would allow elucidating lack of knowledge, lack of



expertise, competence or vigilance on the part of AUTOMOTORES S.A.

6 CONCLUSIONS

- ✓ According to physical and logical documentary evidence provided by the client CAMPEROS S.A.S. and the one registered in the information systems of AUTOMOTORES S.A., there is a modification of records in the documentation provided by the client against the original documentation of the concessionaire.
- ✓ The client CAMPEROS Y CAMIONETAS S.A.S., was benefited in a particular way with commercial discounts, inventory deliveries, vehicle registration procedures and procedures that were not authorized by AUTOMOTORES S.A.
- ✓ The documentation and irregular operations evidenced allow the identification of business conducted in a particular way with the customer CAMPEROS Y CAMIONETAS.
- ✓ S.A.S. and third parties related to CAMPEROS S.A.S. as customers.
- ✓ The client CAMPEROS Y CAMIONETAS S.A.S., obtained a material benefit in unauthorized commercial discounts, for \$ 328,490,000.00.
- ✓ It is important to mention that this series of related facts leaves an environment of "total skepticism" regarding the operations conducted, since there is evidence of a clear misappropriation of company assets without measuring control situations and high economic risks for AUTOMOTORES S.A.
- ✓ According to the documentary evidence submitted to this audit, we estimate that the total figures evidenced and reflected in the annexes to this report are consolidated as follows:
 - ✓ According to the sales supports duly issued by AUTOMOTORES S.A., and with their legal authorization, it is evidenced that the client CAMPEROS S.A.S, was invoiced a gross value of \$ 1.498.304.100, (ONE THOUSAND FOUR HUNDRED NINETY-EIGHT MILLION THREE HUNDRED FOUR THOUSAND ONE HUNDRED AND FOUR HUNDRED PESOS) of which once the handling and trust policy was enforced, the insurance company Liberty Insurance recognized AUTOMOTORES COMAGRO S.A the amount of \$167.622.421, (ONE HUNDRED SIXTY-SEVEN MILLION SIX HUNDRED TWENTY-TWO THOUSAND FOUR HUNDRED TWENTY-ONE PESOS), the difference between the amount claimed and the amount effectively paid by the



client for an amount of \$90.490.069 (NINETY MILLION FOUR HUNDRED NINETY THOUSAND SIXTY-NINE PESOS) was assumed by the company as evidenced in the accounting records.

Although the client CAMPEROS S.A.S, alludes that AUTOMOTORES COMAGRO S.A. owes money, this is due to the possible fraudulent actions carried out by the consultant Heber Pomares by virtue of the alleged alteration of documents, where it is observed that the conducts deployed by him clearly and evidently disregarded the procedures established by AUTOMOTORES S.A., taking advantage of his knowledge regarding the internal management of sales and the experience acquired in the company. Analyzed the supports provided by the company CAMPEROS S.A.S (formerly LTDA), it is evident in the purchase orders delivered by the consultant filled out manually to this company, that the discounts offered exceed even the discounts that could be authorized by the commercial management, being a potential customer for the demand of vehicles that required, so CAMPEROS S.A.S. by virtue of its experience in the automotive market should have inferred that these discounts were out of the usual offered by any other dealer, which should have been escalated to the management of the division, for its knowledge and endorsement.

In addition to the atypical discounts, in a negotiation of this magnitude it is not coherent and does not fall within a logical and rational analysis that CAMPEROS S.A.S, has made payments on behalf of a seller, when in case of a controversy between the buyer (CAMPEROS S.A.S) and the seller (AUTOMOTORES S.A), the responsibility for any breach would have to fall on the legal entity, but not on the seller, since the latter acts as an intermediary, in which by virtue of its position the company COMAGRO S.A. generates a commission for sales actually made.

There is no doubt then that Mr. POMARES, by manually filling out the order forms indicating the atypical discounts, and by delivering them directly to the client, without continuing with the sales procedure, evidently intended to evade the supervisory controls of the sales process, being transparent for the company AUTOMOTORES S.A. the negotiation of these vehicles and thus leaving the orbit of control that Hyundai's commercial management has over the sales in process of each consultant.

Based on the foregoing, it can be inferred that the vehicle consultant Heber Pomares Pérez, acted improperly by intentionally concealing the proposals offered to the client CAMPEROS Y CAMIONETAS S.A.S., where this term allegedly benefited by



virtue of the discounts granted through invoices deliberately altered by the seller, since the sale of vehicles was made for a lower value than that allowed or authorized by the Management of AUTOMOTORES S.A.

Registration of vehicles in transit with adulterated documentation: Once the sold vehicle has been assigned to its owner, the registration process begins before the transit authority, the dealer usually performs this procedure, and in this case, this is exclusive of the company AUTOMOTORES S.A. The registration according to the provisions of Article 2°. DEFINITIONS of the law 769 of 2002 by which the National Code of Terrestrial Transit is issued and other provisions are dictated", is defined as that

"Procedure for the initial registration of a motor vehicle before a transit agency in which the characteristics, both internal and external of the vehicle, as well as the data and identification of the owner are recorded".

In this order of ideas, it is necessary to bring up that for the initial registration of a new vehicle, the dealer must submit to the transit agency,

"the duly completed application form, the sales invoice, the individual customs certificate and/or the import declaration, as the case may be. "In accordance with the provisions of Chapter II, Article 8 of Resolution 12379 of 2012, "Whereby the procedures are adopted and the requirements are established to advance procedures before the Transit Agencies", then "the transit agency proceeds to verify, compare and validate the information contained therein, with the information previously recorded in the RUNT system by the importer or assembler. When the vehicle is assembled in Colombia and the importer and marketer are the same, the sales invoice and the individual customs certificate are required for registration; when the importer is not a marketer, the sales invoice from the country of origin and the import declaration are required, when the vehicle is of national manufacture, the sales invoice is required".

Once this information is verified, the transit agency proceeds to pre-assign the license plate, in which the user pays the vehicle registration tax and acquires the mandatory SOAT insurance. The process culminates with the issuance of the vehicle's license and license plate after verification of the above requirements.

In accordance with the procedures established by the Directorate of Transportation and Transit for the registration of vehicles, it can be deduced that the sales invoices presented by CAMPEROS Y CAMIONETAS S.A.S to the transit agency correspond to non-authentic documents, documents that were known by AUTOMOTORES S.A. until CAMPEROS Y CAMIONETAS S.A.S provided them in the meeting mentioned several times, and that were delivered by the seller for them to carry out the registration procedure before the transit agency, from which it can be



inferred that even the registration was made with documents intentionally falsified by the seller, which could bring as a consequence in the future some economic damage both for AUTOMOTORES S.A. since in the adulterated invoices the name of the company AUTOMOTORES S.A. is evidenced without its authorization and for the third parties in whose name the registration of the vehicles is found.

The results presented in the case study, will help future forensic audit professionals to have an audit guide for the formation of professional judgment, as in organizations to form a culture of prevention of internal and external fraud, which will require training to all administrative staff and the internal control department against the different inherent risks that may occur in operations to mitigate them. It is recommended for future research to analyze the risks of computer fraud in business transactions as the current tools of artificial intelligence as an aid in the work of the audit in the detection of fraud.



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