

## ANTI-FRAUD FORENSIC AUDITING: APPLIED AND INDEPENDENT SCIENCE IN RESPONSE TO THE LIMITATIONS OF TRADITIONAL INTERNAL CONTROL

### AUDITORÍA FORENSE ANTIFRAUDE: CIENCIA APLICADA E INDEPENDIENTE FRENTE A LAS LIMITACIONES DEL CONTROL INTERNO TRADICIONAL

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#### Abstract

Anti-Fraud Forensic Auditing represents an epistemological evolution in the practice of internal and organizational control, as it transcends traditional frameworks of auditing, compliance, and risk management. As a specialized technical discipline grounded in material truth, systemic analysis, and expert validation, it promotes an integrated and convergent approach that responds to the structural limitations of conventional international standards. This essay presents, from the vision projected

by the International Institute of Anti-Fraud Forensic Auditing (IIAFA), a critical comparison between this applied science and traditional internal control bodies. It highlights the lack of integrity and convergence in addressing the three core scourges of fraud, corruption, and money laundering which are the primary roots of all risks. The study proposes institutional strengthening guidelines at the prevention and detection stages for both public and private sectors.

**Keywords:** Anti-fraud forensic auditing, fraud prevention, corruption.

### **Resumen**

La Auditoría Forense Antifraude representa una evolución epistemológica en la práctica del control interno y organizacional, al trascender los marcos tradicionales de auditoría, cumplimiento y gestión de riesgos. Como disciplina técnica especializada, basada en la verdad material, el análisis sistémico y la validación pericial, esta práctica promueve un enfoque integral y convergente que responde a las limitaciones estructurales de las normas internacionales convencionales. El presente ensayo expone, desde la visión proyectada por el Instituto Internacional de Auditoría Forense Antifraude (IIAFA), una comparación crítica entre esta ciencia aplicada y los entes de control interno clásicos, destacando la ausencia de integralidad y convergencia de los tres flagelos, a saber: fraude, corrupción y lavado de dinero, los cuales son la raíz principal de todos los riesgos, proponiendo lineamientos de fortalecimiento institucional en sus etapas de prevención y detección a nivel público y privado.

**Palabras clave:** auditoría forense antifraude, prevención del fraude, corrupción.

## Introduction

Traditional auditing, internal control, and organizational control systems have reached a turning point. The increasing sophistication of organizational structures, together with complex dynamics that affect financial integrity, has highlighted the need for more robust, interdisciplinary mechanisms aimed at material results. In this context, Anti-Fraud Forensic Auditing emerges as a sub-specialization of Auditing and a branch of Accounting within the Certified Public Accountant (CPA) profession, grounded in forensic science, expert techniques, and an integrated and convergent analysis of internal and organizational control environments. From the IIAFA's perspective, this discipline should not be conflated with tasks performed by CPAs such as: Internal Auditing (focused on evaluating the adequacy of internal controls in public or private organizations); External Auditing (issuing opinions on the reasonableness of financial statements based on materiality); Compliance and Risk Management (focused on regulatory compliance and risk matrices that include appetite and tolerance for inherent risk); Accounting Expertise (limited to what competent authorities request); Forensic Auditing (traditionally conceived only for the detection stage and as an auxiliary to the justice system in cases of fraud, corruption, and money laundering).

Anti-Fraud Forensic Auditing is not merely an extension of these but an autonomous function with its own tools applied in an integrated and convergent manner to both prevention (mitigation, deterrence, regulatory compliance, and risk management) and detection (combat, identification, investigation, and clarification) of fraud, corruption, and money laundering. It is an art, science, and technique developed from a standpoint of probity—by duly certified professionals ethically committed to honesty and fair play, a commitment ensured by IIAFA through polygraph testing and integrity filters.

Its epistemological foundation lies in overcoming models based on reasonableness or mere formal compliance, incorporating methods that clarify facts

based on irrefutable evidence. From this perspective, Anti-Fraud Forensic Auditing is a practical and autonomous science capable of reconstructing organizational realities from verifiable data, applying its own technical tools and grounded in a paradigm of probity, integrity, and professional ethics.

This essay analyzes the epistemological foundations of the discipline, its structural differences from traditional control bodies, and the need to formulate a convergent, integrated, and technically robust normative framework. Ultimately, it advocates for a new professional approach that not only verifies but clarifies; not only complies but confronts material truth—promoting an audit that responds effectively to contemporary institutional environments with methodological rigor and ethical responsibility.

## **Methodology**

### **Type and Design of Research**

This study is a qualitative investigation, designed as a documentary and critical analysis focused on the theoretical and practical construction of an applied model of Anti-Fraud Forensic Auditing. It is based on a systematic review of international standards, specialized literature, and case studies, combining a descriptive-explanatory approach with comparative analysis.

### **Population and Sample**

The study population consists of current normative frameworks in auditing, internal control, compliance, and risk management, as well as technical reports on accounting expertise, forensic audits, and anti-fraud forensic audits applied in both public and private sectors. The sample was intentionally selected and includes normative documents such as COSO, ISO, ISA, INTOSAI, and field studies from organizations dated between 1985 and 2025.

## Variables

The central variables analyzed were:

- The integrality of the approach (present or absent in normative frameworks).
- The capacity for material clarification (based on principles of probative truth).
- The level of normative convergence (among audit, compliance, risk, accounting expertise, and forensic auditing).
- The degree of functional independence of anti-fraud forensic auditing.
- The presence of specialized tools for detecting and preventing fraud, corruption, and money laundering.

## Instruments Used to Collect Information

Document extraction forms, comparative analysis matrices, critical review guides, and records of interviews with forensic experts (non-nominal and referential information) were used. In addition, real data from field reports, technical opinions, and forensic studies published by IIAFA were incorporated.

## Statistical Techniques Employed

Given the qualitative and documentary nature of the study, inferential statistical techniques were not applied. Instead, content analysis techniques, theoretical triangulation, and thematic categorization were used to identify significant patterns and contrasts between traditional frameworks and the anti-fraud forensic auditing approach.

## Execution Date

The period of execution extends to the year 2025, considering the most recent publications and available data from 1985 to the present.

## **Data Analysis**

Data analysis was conducted through a qualitative, interpretative approach. Normative documents, case studies, theoretical frameworks, and professional experiences were organized into thematic categories that allowed for the identification of recurring patterns, structural contradictions, and technical gaps within traditional internal control systems.

Content analysis and normative comparison techniques were applied, which facilitated the construction of a robust conceptual framework for Anti-Fraud Forensic Auditing. The triangulation of sources—documentary, normative, and experiential—allowed the findings to be validated from multiple perspectives, strengthening their credibility and technical relevance.

The information processing adhered to strict epistemological rigor, with emphasis on the traceability of arguments, the internal logic of forensic discourse, and the substantiation of the guidelines proposed by IIAFA.

## **Results and Discussion**

### **Epistemological Foundations of Anti-Fraud Forensic Auditing**

Before elaborating on these foundations, it is important to note that epistemology is the branch of philosophy that studies knowledge—its nature, origin, limits, and validity. It analyzes how we know what we know, what justifies our beliefs, and what distinguishes true knowledge from opinion.

Anti-Fraud Forensic Auditing is grounded on three essential pillars:

- Material truth as a guiding principle, prioritized over procedural truth.

- A technical-forensic approach in the collection, validation, analysis, examination, and custody of evidence, which becomes probative material once accepted by a competent authority.
- Strategic independence from the audited organizational structure.

As an applied science, it does not limit itself to regulatory compliance or assessments of accounting reasonableness. Its goal is to clearly establish the facts using sustainable evidence to support ethical and administrative decision-making. In the words of Rogers Harper (2021), "Anti-Fraud Forensic Auditing does not interpret signals—it verifies them with irrefutable evidence."

## **Limitations of Traditional Internal Control Entities**

### **Internal Auditing: Structured Oversight Without Investigative Capacity**

While essential to an organization, internal auditing has evolved toward a risk and compliance-centered approach (COSO III, 2013), following its development from COSO's creation in 1985, to COSO I (1992), COSO II (1994), and COSO IV or COSO ERM (2017), as well as COCO (the Canadian version from 1995). Despite these advancements, internal auditing's hierarchical dependence and use of sampling techniques often dilute its ability to detect and explain complex events. According to the ACFE (2022), less than 15% of findings that compromise transparency are detected by internal audit functions—indicating deficient internal control. Anti-Fraud Forensic Auditing overcomes these limitations by employing specific tools such as the fraud triangle, specialized interviews, analysis and examination of documentary evidence patterns, forensic accounting reconstruction, and support from other forensic sciences such as Digital Forensics, Forensic Psychophysiology (Polygraphy), Graphology and Graphoscopy Forensic.

### **External Auditing: Financial Assurance Without Material Clarification**

From a critical reading of ISA 120 (Framework of Audit Reference), and from the specialized perspective of an Anti-Fraud Forensic Auditor, the expressions "we have

audited” (suggests partial truth), “we have reviewed” (suggests less truth), and “we have compiled” (suggests no truth) reflect varying degrees of assurance conveyed in the external auditor’s opinion—yet these distinctions carry serious legal implications, especially in criminal litigation, where certainty is required. Despite having a solid normative base (ISA 320, IFAC), external auditing focuses on verifying financial statements through sampling, materiality, and reasonable evidence (Gray & Manson, 2011; IFAC, 2009).

This logic excludes the possibility of fully clarifying ethically relevant facts. According to ACFE (2022), less than 5% of significant fraud findings are detected by external audits. In contrast, Anti-Fraud Forensic Auditing conducts complete analyses with 100% material evidence coverage, later incorporated into court-admissible Special Anti-Fraud Forensic Auditing Report.

### **Regulatory Compliance: Formal Legality Without Technical Clarification**

Compliance frameworks typically aim to ensure adherence to legal norms but do not explore the root causes of fraudulent events. Standards such as ISO 37301 (ISO, 2021; 2016) establish legal behavior structures, but their actions are mostly preventive and documentary, failing to delve into causality. In contrast, Anti-Fraud Forensic Auditing analyzes facts using technical tools, reconstructing organizational realities and providing conclusive elements.

### **Risk Management: Probabilistic Approach and Operational Conformism**

Standards such as ISO 31000 and COSO ERM offer mechanisms to identify and mitigate risks. However, by tolerating losses within “acceptable” margins, they reduce the capacity to anticipate deliberate fraud (ISO, 2018). Anti-Fraud Forensic Auditing emphasizes a zero-tolerance policy and timely detection of red flags that conventional models might overlook.



### **Critical Analysis of International Standards**

The most recognized international standards (ISA, IFRS, COSO, INTOSAI, ISO) have played a key role in the development of internal and financial control. However, as stated by the IIAFA, “international standards on auditing and control, while harmonized, do not provide an integral or convergent approach to detecting complex frauds” (INTOSAI, 2020; Crumbley, Heitger & Smith, 2015; Coffee, 2006). These models are thematic, not transversal; administrative, not evidentiary; systems-oriented, not truth-oriented.

As Rogers Harper (2021) asserts, “The Anti-Fraud Forensic Auditor (AFA) requires a different professional paradigm, oriented towards investigation with the capacity to clarify, not merely verify” (Rogers Harper, 2021; DiGabriele, 2010). This highlights the need for an integrated, convergent, technical, and multidisciplinary approach.

### **Towards an Integrated and Convergent Forensic Normative Framework**

From the technical-forensic vision of the IIAFA, the need for a new normative framework is not merely theoretical or the result of a legal vacuum but stems from decades of professional field experience across public, private, and mixed contexts. As Frigo & Anderson (2011) argue, “The increasing sophistication of organizational structures, combined with a more complex risk environment, reveals the need for more robust, interdisciplinary mechanisms aimed at material results.”

The professional practice of Anti-Fraud Forensic Auditing (AFA) has shown that existing normative frameworks—ISA, COSO, ISO, INTOSAI, and IFRS—evolved from thematic logics that do not converge with one another, and fail to articulate effective responses in situations that require fact reconstruction, evidence validation, and technical expert determinations. In short, they were not designed for clarification, but for assurance, compliance, or administrative oversight. The lack of

technical convergence and operational investigatory capacity remains a persistent limitation of traditional internal control systems.

To address this, the IIAFA advocates for the creation of a Normative Framework for Anti-Fraud Forensic Auditing, grounded in principles of professional convergence, technical independence, documentary clarity, and organizational traceability. Based on the accumulated experience of hundreds of professionals who have developed investigations, special reports, and technical opinions in various jurisdictions, this framework would include:

- Clear conceptual separation among internal auditing, external auditing, compliance, risk management, accounting expertise, and forensic auditing—clearly defining objectives, methodologies, and scopes, avoiding confusing overlaps or hybrid approaches that dilute accountability.
- Inclusion of specific tools, such as the fraud triangle, investigative interviews, analysis and examination of data and documentary patterns, forensic accounting reconstruction, and support from other forensic sciences such as IT forensics, graphology, analytical accounting, and criminalistics—all validated by years of interdisciplinary professional practice (Green & Singleton, 2006).
- Formal recognition of the forensic audit report as valid technical evidence in judicial, administrative, and disciplinary proceedings. This includes its own structure, independent technical sections, and certified methodological rigor (AICPA, 2020).
- Creation of professional training programs prioritizing practice over theory, led by experts with real experience in organizational investigations and technical report writing. Certifications such as Anti-Fraud Forensic Auditor (AFA) issued by the IIAFA must derive not only from theoretical or academic curricula, but from actual professional fieldwork.

- Promotion of alliances among regulatory, judicial, academic, and professional entities to create recognized and operational standards at an international level. This involves technical cooperation mechanisms, information exchange, fund traceability, and the development of digital, physical, and documentary evidence applicable in multiple settings.

As Pyman et al. (2018) and Gendron & Spira (2010) put it: “This new normative framework must be living, dynamic, and adaptive—constantly evolving and aligned with changing realities of institutional and criminal environments.” It must also be validated by those who apply these principles in high-profile audits, where ethical, technical, and systemic analysis must prevail.

## Conclusions

Anti-Fraud Forensic Auditing does not compete with traditional models of internal and organizational control—it transcends, complements, and reconfigures them when they prove insufficient for clarifying critical facts, thereby also strengthening them. It represents an evidence-based evolution, field-tested, academically sound, and technically and ethically aligned with the role of the Certified Public Accountant (CPA), who no longer merely certifies financial statements or evaluates operational risks, but acts as a forensic expert in validating material truth through specialized tools that go beyond the scope of internal, external, compliance, risk management, accounting expertise, and traditional forensic auditing.

The value of this discipline lies in its multidimensional approach. It integrates advanced accounting knowledge, investigative tools, documentary expertise, and other forensic sciences, all grounded in ethical principles and rigorous professional practice. Its nature is not limited to compliance or passive prevention; it is oriented toward effective detection, root cause analysis, and objective documentation of facts, with tangible impact on organizational, disciplinary, or judicial decision-making.

From the perspective of the International Institute of Anti-Fraud Forensic Auditing (IIAFA), this specialization should neither be subsumed within traditional forensic auditing nor confusing with the judicial expert role, which has now evolved into the Anti-Fraud Forensic Auditor. It is an applied science with its own structure, a clearly defined object of study, and a professional methodology that demands independence, technical precision, and contextual interpretation capacity for each case. Its innovative character lies precisely in not merely evaluating accounting symptoms, but in reconstructing facts through an integral and convergent approach—breaking down patterns, validating clues, and articulating evidence from the CPA forensic perspective.

Considering weakened institutional ethics, the bureaucratization of control systems, and the fragmentation of normative functions, Anti-Fraud Forensic Auditing offers a technical response grounded in truth and responsibility. It is not about replacing existing standards, but about overcoming their structural limitations through an investigative, specialized, and convergent approach.

Therefore, it is imperative to institutionalize Anti-Fraud Forensic Auditing as an autonomous function, supported by a specific normative framework, academic backing, and operational legitimacy across public and private environments. The future of internal and organizational control cannot rely solely on accounting materiality or formal procedural compliance; it must move toward clarity of facts, traceability of decisions, and restoration of institutional trust.

Ultimately, Anti-Fraud Forensic Auditing is a commitment to truth, ethics, and transparency. It is a technical pledge to administrative justice, to integrity in resource management, and to strengthening organizational culture from within—not through external coercion. It is, in essence, an art, a science, and technique classified among social forensic sciences—that makes visible what other systems have yet to see.

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