



The **Red** Flags of Fraud:

Analyze Potential Fraud in Conformance with SAS 99
Identify Areas of High Relative Risk

Spot the **Red** Flags Understand Fraud Schemes Detect Fraud

8 Hours of CPE Auditing

CPE Credit: 8 Hours Auditing *Course Level:* Basic *Prerequisite:* Basic Knowledge of Auditing and Internal Control

The Most Comprehensive One-Day Fraud Seminar You Will Ever Attend

| Fraud Schemes For: | Examples | Red Flags | Methods of Detection |
|---------------------------------|------------------|-------------------|----------------------|
| Cash Theft | 5 | 31 | 20 |
| Receivables Theft | 5 | 36 | 22 |
| Revenue/Receivable Misstatement | 7 | 30 | 17 |
| Inventory | 5 | 35 | 27 |
| Fixed Assets | 4 | 11 | 16 |
| Payables/Disbursements | 11 | 60 | 43 |
| Payroll | 5 | 15 | 16 |
| Debt and Equity | 5 | 8 | 10 |
| Comprehensive Total | <u>47</u> | <u>226</u> | <u>171</u> |

Other Topics Include:

- Overview of Fraud and the Fraud Triangle
- Understanding Key Components of SAS 99 and Fraud Risk Assessment
- Overview of COSO and Sarbanes Oxley
- Potential Abuses Using QuickBooks and Similar G/L Software

We Guarantee Results

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A Practical, Comprehensive Approach . . .

The Red Flags of Fraud:

Analyze Potential Fraud in Conformance with SAS 99

Identify Areas of High Relative Risk

Who Should Attend?

This seminar is ideal for CFO's, Controllers, Staff Accountants, Internal Auditors, Independent Auditors, Government and Private Industry Financial Professionals

Detailed Seminar Agenda . . .

Introduction

- Fraud's impact on today's global business – statistics
- COSO overview internal control framework
- Sarbanes-Oxley overview
 - o “Tone at the top” evaluation and management override
 - o Whistleblower provisions and the confidential fraud hot line
- The classic fraud triangle vs. the new fraud diamond
- Frauds perpetrated to benefit or harm the organization and by whom
 - o Accidental fraudster vs. predator vs. top management override
 - o Fraudulent financial reporting and misappropriation of assets
- Essential skill sets/personnel for the fraud examination team
- Ten classic examples of fraud

Key Components of SAS 99 – Fraud Risk Assessment (FRA) – Auditor's Required Consideration of Fraud in a Financial Statement Audit

- Describes fraud and its characteristics
 - o Two types of fraud
 - o The fraud triangle
- New Focus on analytics – especially disaggregated data
- Requires auditor ‘brainstorming’ sessions re client susceptibility to fraud
 - o Seasoned team members discuss potential fraud

- o Auditor notes “tone at the top”
- o Establishes proper degree of professional skepticism for audit engagement
- SAS 99 auditor requirements fully explained
 - o Gather information and identify potential risks of fraud
 - o Documentation and evaluation of client's programs and controls
 - o Assess the risks of material misstatement due to fraud
- Guidance regarding the auditor's communications about fraud to client
- New extended audit documentation requirements/ analytics
- Criticisms of SAS 99

Examination Overview

- Analytical review using Excel – focus on disaggregated data
- Balance Sheet and P&L approach to examination

Cash Theft/Fraud Schemes – Examples, Red Flags and Detection Methodology

- Skimming all or part of a cash sale – 5 Red Flags, 4 detection methods
- Theft of a daily deposit - 8 Red Flags, 4 detection methods
- “Less cash” schemes - 6 Red Flags, 4 detection methods
- Voided or sales returns schemes - 7 Red Flags, 7 detection methods
- Theft of cash on hand - 5 Red Flags, 1 detection method

Receivables Theft/Fraud Schemes – Examples, Red Flags and Detection

- Lapping/Factoring schemes – 7 Red Flags, 5 detection methods
- Fraudulent credits, discounts or write offs – 6 Red Flags, 8 detection methods
- Unauthorized shipments – 9 Red Flags, 3 detection methods
- Goods diverted to wrong address – 10 Red Flags, 4 detection methods
- Collection agency frauds – 4 Red Flags, 2 detection methods

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Detailed Seminar Agenda (continued)

Revenue/Receivable Fraudulent Financial Reporting – Examples, Red Flags and Detection Methodology

- Manipulating billing/shipping records – false or accelerated sales – 8 Red Flags, 8 detection methods
- Contingent sales – 5 Red Flags, 2 detection methods
- Collectability not assured – 4 Red Flags, 2 detection methods
- Seller continued involvement required – 4 Red Flags, 1 detection method
- Sham sales transactions – 3 Red Flags, 1 detection method
- Manipulating percent completed – 4 Red Flags, 1 detection method
- Intercompany affiliate transactions – 2 Red Flags, 2 detection methods

Inventory Fraud Schemes – Examples, Red Flags and Detection Methodology

- Theft of inventory or scrap – 6 Red Flags, 5 detection methods
- Scrapping then selling inventory – 6 Red Flags, 5 detection methods
- Sales return frauds – 7 Red Flags, 6 detection methods
- Using inventory accounts to conceal other frauds – 5 Red Flags, 4 detection methods
- Inventory over/understatement fraudulent financial reporting – 12 Red Flags, 7 detection methods

Fixed Asset Fraud Schemes – Examples, Red Flags and Detection Methodology

- Theft of fixed assets – 3 Red Flags, 4 detection methods
- Personal use – 4 Red Flags, 6 detection methods
- Misallocated capital improvements – 2 Red Flags, 3 detection methods
- Manipulation of records/depreciation – 2 Red Flags, 3 detection methods

Payables/Disbursement Fraud Schemes – Examples, Red Flags and Detection Methodology

- Kickbacks – 10 Red Flags, 5 detection methods
- False/inflated vendor invoices – 10 Red Flags, 7 detection methods
- Excess or unauthorized purchases – 4 Red Flags, 3 detection methods
- Duplicate payments – 7 Red Flags, 3 detection methods
- Checks written to employees – 7 Red Flags, 5 detection methods

- Theft of checks – 7 Red Flags, 5 detection methods
- Contract/bidding fraud – 10 Red Flags, 5 detection methods
- Shell company schemes – 2 Red Flags, 2 detection methods
- Straw vendor schemes – 2 Red Flags, 2 detection methods
- Vendor master file fraud – 3 Red Flags, 3 detection methods
- Travel, Entertainment, employee expenses – 8 Red Flags, 3 detection methods

Payroll Frauds– Examples, Red Flags and Detection Methodology

- Ghost employees – 3 Red Flags, 3 detection methods
- Employee overpayments – 2 Red Flags, 2 detection methods
- Employees writing checks to themselves – 3 Red Flags, 3 detection methods
- Diversion of W-H taxes – 3 Red Flags, 3 detection methods
- Keeping former employees on the payroll – 4 Red Flags, 5 detection methods

Debt and Equity Fraud Schemes – Examples, Red Flags and Detection Methodology

- Unauthorized borrowing – 2 Red Flags, 4 detection methods
- Diversion of loan proceeds – 1 Red Flag, 1 detection method
- Diversion of equity proceeds – 2 Red Flags, 2 detection methods
- Diversion of dividend payments – 2 Red Flags, 2 detection methods
- Stock option manipulations – 1 Red Flag, 1 detection method

QuickBooks and Similar G/L Software– Examples, Red Flags and Detection Methodology

- Overriding administrative controls and segregated functions
- Typical disbursement frauds
- Using Excel to compare disbursement journal payee to appropriate bank statements and cancelled checks

Contact Us

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40+ Key Benefits of Attending

- Review and understand the COSO internal control framework
- Evaluate the “tone-at-the-top”
- Understand the classic “fraud triangle” and how it impacts audit risk assessment
- Assemble your firm’s fraud examination team – essential skill sets needed
- Comply with SAS 99 auditing standards
 - o New focus on analytics
 - o Fraud brainstorming session requirements
 - o Documentation requirements
- Learn cash theft schemes and detection methodology
 - o Skimming operations
 - o Voided or returned sales
 - o Theft of cash
- Examine common receivable fraud schemes and detection methodology
 - o Lapping/Factoring
 - o Credits, discounts and write offs
 - o Unauthorized shipments
 - o Collection agency frauds
 - o Accelerated sales
 - o Contingent sales
 - o Typical sham sales transactions
 - o Percent completed schemes
- Review inventory fraud schemes and methods of detection
 - o Theft of inventory and/or scrap
 - o Scrapping then selling inventory
 - o Sales returns frauds
 - o Using inventory accounts to conceal other frauds
 - o Over/Under valuation
- Study fixed asset fraud schemes and detection methodology
 - o Theft
 - o Personal use
 - o Misallocated capital improvements
 - o Depreciation and accumulated depreciation – and plugs
- Analyze payables/disbursements fraud schemes and detection methodology
 - o Uncover kickbacks
 - o Uncover false or inflated vendor invoices
 - o Duplicate payments
 - o Checks written to employees – or their corporations
 - o Theft/counterfeiting of checks
 - o Shell company schemes
 - o Straw vendor schemes
 - o Vendor master file fraud
 - o Travel, entertainment, employee expenses
- Review payroll fraud schemes and detection methodology
 - o Ghost employees
 - o Former employees still on the payroll
 - o Employee overpayments
 - o Employees writing checks to themselves
 - o Diversion of W/H taxes
- Study debt/equity fraud schemes and detection methodology
 - o Unauthorized borrowing
 - o Diversion of loan or equity proceeds
 - o Diversion of dividend payments
 - o Stock option manipulations
- Examine QuickBooks and other G/L software packages
 - o Overriding administrative controls and segregation of functions
 - o Typical frauds - Example

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| Cost Per Seminar Attendee | | | | | |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| Participants | 10 | 15 | 20 | 25 | 30 |
| Total Seminar Cost | Call for Pricing | Call for Pricing | Call for Pricing | Call for Pricing | Call for Pricing |
| Cost Per Person | \$SAVE | \$SAVE | \$SAVE | \$SAVE | \$SAVE |

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Your Seminar Will Be Led By One of NCCE's Expert Faculty

Bruce Clements, CPA, Ph.D., JD, MBA

Bruce is an attorney as well as a college professor. His practical work experience includes several years with a Big-4 accounting firm, operational accounting and financial analysis with a major oil company, and work as a practicing attorney and CPA. His varied education, practical work experience, and proven platform skills help him to deliver an interesting presentation.

Richard T. Balog, CPA, CFE, CIA

Richard has managed consulting engagements and led executive development programs in 25 countries and trained more than 70,000 business executives. Prior to his current position, Rick established KPMG Peat Marwick's executive education department, where he designed and taught audit training programs. He has also served as manager of program development for The Institute of Internal Auditors. Rick holds degrees in accounting and management from Loyola University and an M.S. in behavioral sciences from the University of Florida. He has won awards from The Institute of Internal Auditors and The American Institute of Certified Public Accountants for leading outstanding seminars.

Joe Weil, CPA, MBA

Joe is an exciting and dynamic professional speaker who has led over 400 financial seminars for attorneys and CPAs. He has a special talent for explaining abstract accounting concepts in a concrete, crystal-clear, entertaining manner that any financial professional can understand. Joe has owned his own CPA firm, conducted numerous forensic audits and has served as an expert witness. His philosophy is that entertainment and education should be mixed for maximum benefit and this attitude has consistently resulted in very satisfied seminar participants.

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NCCE In-House Seminar Questionnaire

The Red Flags of Fraud

Company/Firm:

COMPANY/FIRM NAME _____ TELEPHONE NUMBER _____

MAILING ADDRESS _____ FAX NUMBER _____

CITY _____ STATE _____ ZIP _____

Contact Person:

SAL _____ NAME _____ TITLE _____

CONTACT TELEPHONE NUMBER _____ EMAIL ADDRESS _____

Basic In-House Information:

DATES DESIRED _____ LOCATION _____

HOW MANY WILL ATTEND? _____ ATTENDED NCCE TRAINING BEFORE? _____

ATTENDEE TITLES _____

ATTENDEE EDUCATION BACKGROUND AND EXPERIENCE _____

WHY IS TRAINING NEEDED? _____

Additional Information:

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