



**Business
Automation
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FRD100 The Hunt for Fraud: Prevention and Detection Techniques

CPE 7.0

Description: This seminar provides attendees with a general overview of basic fraud concepts, as well as a review of specific areas such as statutes and standards related to the recording, reporting, and prosecution of fraudulent activities, internal auditor responsibilities in the audit for fraud, and fraud detection and prevention techniques. Also addressed during this seminar is the classification of frauds, investigation techniques, and fraud within information technology. The seminar utilizes a course video, which presents several fraud vignettes designed to reinforce the seminar discussion with practical examples of actual fraud cases. These vignettes encourage participant discussion on methods related to preventing fraud, and allow the attendee to discuss the procedures or actions undertaken by an auditor to ascertain the facts of a fraud, including how it was committed and the extent of the related loss.

Audience: This seminar is intended for internal and external audit professionals, security investigators, General Counsels, Chief Security Officers, Controllers, InfoSec professionals, anyone interested in obtaining a better understanding of and general introduction to auditing and controlling fraud with workplace environments.

Prerequisites: There is no prerequisite for this seminar.

Objectives: After completing this seminar, participants will be able to:

- Provide organization decision-makers with enough information so that a business decision, consistent with policy and the entity's best interests, can be made regarding the identification and prevention of fraud.
- Define and explain the differences among several kinds of errors, frauds, and illegal acts that might occur in an organization.
- Increase individual fraud awareness within ongoing operations on how to minimize potential fraudulent activities from occurring.
- Explain the various auditing standards related to fraud and illegal acts.
- List and explain some conditions that can lead to frauds.
- Comprehend basic aspects of fraud detection.
- Obtain insight on fraud prevention and identifying weaknesses in internal control systems.
- Describe some extended procedures for finding fraud.
- Identify the importance of and differences between interviews and interrogations.
- Describe forensic accounting techniques.
- Identify evidence and documentary evidence.
- Understand the roles which people, physical environment, and observation play in the investigation of fraud.



Course Outline:

Conditions & Reasons Leading to Fraud

- Business circumstances requiring fraud auditing
- Conditions Which Create an Opportunity to Commit Fraud
- Reasons for Committing Fraud

Fraud “by the Numbers”

Fraud Statutes & Standards

- General Definition of Fraud and Applicable Law
- Federal Statutes
- Major Codified Standards on Fraud Auditing
- Fraud Audit Standards Overview

Reducing Organizational Risk

- Fraud Policy
- Compliance Program to Reduce Organizational Risk
- Deterrence of Fraud - Audit Considerations

Auditor’s Role in Auditing for Fraud

- Detection of Fraud - Auditor Responsibilities
- Reporting of Fraud - Auditor Responsibilities
- Reasons Why Auditors Fail to Detect Fraud
- Pitfalls for Auditors Engaged in Auditing for Fraud

Fraud - Warning Signs

- Personality Characteristics
- Organizational Characteristics
- Transactional Characteristics

Fraud Related Activities for Auditors



High-Risk Areas for Fraud

- Health Care
- Advance Fee Scheme
- Impersonation Fraud
- Receipts
- Payables
- Payroll
- Inventories
- Purchasing
- Letter of Credit Fraud
- "Ponzi" Scheme
- Pyramid Scheme
- Retail Operations
- Web-based Fraud
- Telephone Fraud

Auditing for Fraud: Tips & Techniques

- General Fraud Audit Checklist
- Fraud Detection Methods Checklist

The Fraud Audit "Process"

- Reasons for Investigations
- How IT Can Spot Accounting Fraud
- Computerized Fraud Auditing: Crunching the Data
- How to Lock Out Fraud

The Environment for Fraud

- Elements to Commit Fraud
- Factors that Change Nature of Risks

Dr. Marcella's seminar is based on findings from his book, *The Hunt for Fraud: Prevention and Detection Techniques* published by the Institute of Internal Auditors, ISBN 0-89413-321-7.

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