



AUD110

Detecting Fraud in Organizations

Course Objectives

After completing this course, you should be able to:

- Understand Fraud and Why Individuals Commit Fraud
- Recognize Fraud and How to Find the Fraudsters
- Know the Accounting Processes

Outline

Introduction

- The 800-Pound Friendly Gorilla
- Numbers Don't Lie, People Do
- An Overview of Fraud
- The One-Minute Fraud Mysteries
- A Few Tips for Detecting Fraud As You Begin
- Setup

Chapter 1: Understanding Fraud: What Is Fraud, and Why Does It Continue to Happen?

- People Are Greedy—How Greedy Are You?
- Distinguishing among Deterrence, Prevention, and Detection
- The Increased Risk of Fraud Loss
- Divergent and Convergent Thinking
- Critical Thinking Requires Critical Questions

- The Personality Traits of a Fraudster
- The Moral Compass
- The Elements of Fraud: MIRD
- Education about Fraud
- Confusion about Responsibility
- Complexity

Chapter 2: Fraud Detection Approaches

- Why Doesn't Enhanced Legislative, Regulatory, and Professional Oversight Help to Prevent Fraud?
- Principles and Rules Alone Cannot Eliminate All Fraud
- A Real-World Perspective
- Getting a Handle on Transactions
- The 10 Forensically Accepted Generally Accepted Accounting Principle Assumptions

Chapter 3: Deciding to Commit Fraud: What Is the "Something" That Coerces People to Cross the Line?

- Do You Really Know What the People in Your Organization Are Thinking?
- The Four Generations and Motivation
- Pinpointing the Fraudster
- The Three Most Prevalent Types of Fraud
- An Accounting Creed
- The Consequences of Fraud

Chapter 4: How to Act Like a Fraudster: To Catch a Fraudster, You Need to Think Like One

- The Six Ps of Successful Fraudsters
- The Characteristics of a Fraudster
- Fraudsters and Their Organizations

Chapter 5: The Dynamics of Business: Everything Is Related—from People to Processes to Outside Influences

- Control-Point Links and Accountability
- The Layers of Trust
- Responsibility Chains
- A Failure in Management
- More Than the Bottom Line
- Outside Influences
- Organizational Failures

- Understanding Cash Flow

Chapter 6: Understanding the Accounting Process

- Understanding the Sale of Goods
- Deceptive Data
- Computerized Fraud Techniques
- Operating Expenses
- Balanced Principles
- Balance-Sheet Components
- Statement of Cash Flow
- Ratio Analysis
- Building a Case: Document Organization, Data Analysis, and Lifestyle Analysis

Chapter 7: It All Comes Down to Cash

- Handling Cash
- Cash Disbursement Controls
- Cash and Fraud
- Classifications of Cash and Cash-Equivalent Fraud Schemes and Scenarios
- Fraud Control Points in the Organizational Process

Chapter 8: Final Thoughts: Handy Tips and Quick Checklists for Reference

- POP: Finding the Next Potential-Fraud Kernel in Your Organization
- Quick References on the Fundamentals of Fraud
- GAAP versus FAGAAPA: A Summary
- Five Categories of Fraud
- Why Auditors and Accountants Fail to Detect Fraud
- Red Flags for Potential Fraud
- Using the Accruals-to-Assets Ratio
- A Simple Fraud Risk Plan