

# Review of Financial Accounting & Detecting Fraud

## INTRODUCTION

- Financial Accounting and Detecting Fraud Training Course sets out to explain what accounting fraud is, how it can be detected and therefore how it might be prevented.
- Delegates are highly encouraged to be ready to discuss their own concerns although it is appreciated that confidentiality is a supreme concern in a programme such as this.

Participants will develop the following competencies:

- An analytical approach to detecting and preventing fraud
- Knowledge in the causes of fraud, and seeing the tell-tale signs
- Effective in the use of the quantitative tools provided

## PROGRAMME OBJECTIVES

- Discuss the structure and foundations of financial reporting
- Be aware of creative accounting and how it can be determined
- Determine the need for forensic accounting by means of case study and other analysis
- Appreciate the nature or Benford's Law and its increasingly important role in the prevention and detection of fraud
- Discuss the role of the auditor in detecting fraud
- Carrying out a variety of statistical tests on financial reports and accounting data

## WHO SHOULD ATTEND?

- The Review of Financial Accounting & Detecting Fraud training course is aimed at finance and accounting professionals and those for whom the prevention and detection of fraud is a major issue

## TRAINING METHODOLOGY

- Delegates will learn by active participation during the programme through the use of exercises, case studies, practical workshops, syndicate and group discussions. Much of the work of this programme will centre around mathematical, statistical and ratio analysis.

## PROGRAMME SUMMARY

- In summary, this training course begins by discussing the source of financial reporting information and how it can be used as the source of information for the detection of fraud. The seminar then goes on to explore fraud under three major headings:
- Creative accounting
- Forensic accounting
- Detecting fraud
- Along the way the training course introduces cutting edge methods that are used to minimise and eliminate the risks and losses being suffered by modern industry and commerce.

## PROGRAM OUTLINE

### Financial Accounting Review

- Structure of financial reports
- Regulation of financial reporting
- Financial reporting standards
- The Analysis of Financial Reports
- Detecting bias in accounting numbers
- Qualitative analysis: what people say and what they might mean

### Creative Accounting

- What is creative accounting and why is it a bad thing?
- Inappropriate accruals, estimates, and excessive provisions
- Identifying premature revenue recognition and fictitious revenue
- Aggressive capitalisation
- Creative income statements: classification and disclosure
- Problems with cash flow reporting

### Forensic Accounting

- The basics of forensic accounting
- The need for Sarbanes-Oxley
- The going concern concept in greater detail
- Cases in which forensic accounting was used
- Off balance sheet finance
- Introduction to Benford's Law

### The Role of the Auditor and Detecting Fraud

- The Role of the Auditor in the Prevention and Detection of Fraud
- Deterring Fraud – The fraud triangle
- The COSO “Internal Control – Integrated Framework,” (COSO Model)
- 20 ways to detect fraud

## Tools for Detecting Fraud

- Further Statistical Analysis of accounting and other data
- Further application of Benford's Law
- Chi Square and Kolmogorov Smirnov Tests
- Mean Absolute Deviation test
- Mantissa Arc Test
- Second Order and Summation Tests