

Review of Financial Accounting and Detecting Fraud Training

Description

Intorduction

Fraud, including accounting fraud, accounts for significant activity by the criminal classes and this seminar sets out to explain what accounting fraud is, how it can be detected and therefore how it might be prevented.

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A large emphasis of this programme is quantitative since accounting is a quantitative subject and auditors and others need a quantitative perspective on their work.

The cases and data coming from the Oil and Gas Industry will be used at relevant places in the seminar. Delegates are highly encouraged to be ready to discuss their own concerns although it is appreciated that confidentially is a supreme concern in a seminar such as this.

Objectives

- Discuss the structure and foundations of financial reporting
- Undertake an initial analytical and critical review of financial reports
- 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
- Applying predictive modelling to the fraud problem
- Carrying out a variety of statistical tests on financial reports and accounting data

Day One

Financial Accounting Review

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The Background to Financial Reporting
  - Structure of financial reports
  - Regulation of financial reporting
  - Legislation
  - Financial reporting standards
  - Concepts and conventions
  - The framework
- The Analysis of Financial Reports
  - Ratio analysis
  - Statistical and graphical analysis of financial reports: how can fixed costs be less than zero?
  - Detecting bias in accounting numbers
  - Qualitative analysis: what people say and what they might mean

Oil and Gas Company Reporting Standards and data will feature significantly in this section

Day Two

What is creative accounting and why is it a bad thing?

- Earnings management

- Inappropriate accruals and estimates
- Excessive provisions
- Recognizing premature revenue recognition
- Fictitious revenue
- Aggressive capitalization
- Creative income statements: classification and disclosure
- Problems with cash flow reporting

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Cases from the energy sector will be used here

Day Three

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

Cases from the energy sector will be used here

Day Four

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
    - Why?

        - Who?
        - How?
- The COSO “Internal Control – Integrated Framework,” (COSO Model)
- 20 ways to detect fraud
- Fraud v Erroneous Claims
- Fraud Detection as a Predictive Modeling Problem
- Predicting rare events
    - Predictors
    - Stratified sampling
    - Stratified random sampling
    - Outliers
- Data mining
- Text mining
- Identifying fraud using time series analysis
- Fraud risk assessments

Day Five

Detecting Fraud

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- Further Statistical Analysis of accounting and other data
    - Grouping
    - Ordering
    - Correlation and regression analysis
    - Hypothesis testing
    - Further application of Benford’s Law
        - Chi Square and Kolmogorov Smirnoff Tests
        - Mean Absolute Deviation (MAD) test
        - Mantissa Arc Test
        - Second Order and Summation Tests
- Summary case study of the main learning points of the seminar: delegates will be expected to bring their own experiences and learning highlights to this final discussion