Confronting Fraud in the Construction Industry

How to identify areas of vulnerability and mitigate the risk.

About This Course

Course Description

Fraud, considered a macro risk, has a widespread and significant influence on organizations, and in the construction industry, fraud is a fairly common occurrence. There seems to be unlimited opportunities for fraud to occur throughout the construction life cycle. This is possible due to the large number of individuals and companies involved in a construction project. According to the Association of Certified Fraud Examiners (ACFE), opportunity for fraud is at least four times higher in the construction industry than in other industries. ACFE reports that a typical construction fraud occurrence — which may include corruption/collusion, billing, and check and payment tampering — suffers a median loss of $250,000. Many instances of fraud go undetected — until there are money problems or a dispute.

Who will benefit from this Course?

This course will benefit internal auditors who audit, or will be auditing a construction project, as well as those individuals involved with a construction project and are responsible for monitoring ongoing construction activities. The course focuses on the various areas that are vulnerable to fraud, and will include a review of the most prevalent opportunities for construction fraud, as well as identify oversight approaches that are used to mitigate fraud risk, including:

- Billing-type fraud/falsifying payments applications.
- Bid and contract rigging.
- Fictitious vendors.
- Subcontractor collusion.
- Change order manipulation.
- Disadvantaged Business Enterprise (DBE) fraud.
- Theft and substitution of materials.
- Diverting fixed price/lump sum cost for time and material.
- Surety Bond fraud.
- Environmental fraud.
Course Information

Course Duration: 1 day

CPE Hours Available: 4

Knowledge Level: Intermediate

Field of Study: Auditing

Prerequisites: Participants should come with a basic knowledge of the internal audit process related to construction audits.

Advance Preparation: None

Delivery Format: On-site Training (Group-Live); Online Seminar