Fraud Detection, Deterrence, and Incident Response for Internal Auditors

About This Course

Course Description
For many auditors, management’s anti-fraud expectations exceed the audit team’s capability to deliver. Result: a challenging gap to fill and, many times, disappointing results.

This program will show attendees exactly how to close that gap. Participants will learn a comprehensive anti-fraud response that will fit in any business setting, as well as discover how to build a tailored battle plan for fighting fraud. Step-by-step action instructions will allow attendees to honor and exceed their professional obligations to objectivity and independence while leading management through what it must do to create an anti-fraud environment.

Topics include: common fraud schemes, symptoms, indicators, and red flags; effective and efficient audit procedures; dos and do nots for handling fraud cases; fraud prevention; requirements of various fraud risk management standards; and, most importantly, how to add to an organization’s bottom-line results by measuring the reduction in fraud costs as a result of internal audit’s efforts.

This program will share real-world case examples, as well as audit successes and challenges in handling fraud. Cases covered will stress the lessons learned and how auditors should adjust their audit programs as a result. Specific time is built into the program agenda for small group discussion and brainstorming.

This course is most appropriate for:

- Chief Audit Executives, audit directors, audit managers, audit team leads, and audit staff with two or more years of practical auditing experience, who are looking to strengthen their own and their team’s ability to manage organizational risks from fraud and related wrongdoing.
- Others with fraud risk management responsibilities.

Course Objectives

- Understand core Fraud Risk Management concepts from the auditing perspective.
- Examine the opportunity for the audit team to demonstrate anti-fraud expertise.
- Learn how fraud is found and how to increase the probability of detection in your organization.
- Explore fraud risks in out-of-pocket reimbursement, Purchasing Cards, time reporting, and everyday payment transactions.
- Learn the objective of investigations — and how audit can support those objectives.
Course Topics

**Fraud Auditing Essentials**
- Understand core Fraud Risk Management concepts from the auditing perspective.
- Explore the three primary types of fraud: Misappropriation, Results Manipulation, and Corruption/Shadow Deals.
- Examine what the applicable IIA, ACFE, AICPA, COSO, and other professional standards and regulations say about fraud, and how you can fully meet these requirements in your work.
- Assess the opportunities and limits fraud exposures present for value-added audit services.
- Examine where a risk-based approach will work, and where it can let you down.
- Understand the IIA IPPF Practice Guide: Internal Auditing and Fraud.
- Discuss “What would you do next?” scenarios with other participants.

**The Auditor’s Role in Fraud Prevention and Deterrence**
- Examine the opportunity for the audit team to demonstrate antifraud expertise.
- Review the six essential components of an organizational Anti-Fraud Campaign.
- Learn how to recruit and secure executive management and Board support for anti-fraud efforts.
- Learn eight common reasons why anti-fraud controls fail — and what auditors can do about it.
- Develop a response to common “flawed fraud beliefs.”
- Determine how to lead or sponsor a comprehensive Anti-Fraud Campaign while respecting audit objectivity and independence.

**Fraud Detection for Auditors**
- Learn how fraud is found and how to increase the probability of detection in your organization.
- Understand why we miss fraud and wrongdoing in our audits — and how we can minimize the likelihood of missing it on future projects.
- Learn the significance of the 3C’s of fraud schemes — Commission, Conversion, and Concealment — and how to use the 3C’s in your audit planning.
- Build active Fraud Risk Assessment into every audit project.
- Implement the Three-Step Fraud Detection approach:
  - Step One – How to “Think Like a Thief” during audit planning and brainstorming.
  - Step Two – How to “look” for fraud during audit tests and interviews.
  - Step Three – How to follow-up on red flags, indicators, and symptoms to determine their Root Cause and investigate fraud incidents.
- Learn how to lead fraud risk brainstorming discussions during planning.
- Recognize when and how to apply Fraud Detection Interviewing techniques.
- Assess how to respond to formal and informal tips from whistleblowers.
Fraud Risks in Procurement, Contracting, and Other Third-Party Relationships

- Explore fraud risks in out-of-pocket reimbursement, Purchasing
- Cards, time reporting, and everyday payment transactions.
- Learn common product and service vendor schemes, and develop an effective response to these exposures.
- Learn specific exposures in cost-plus, lump-sum, and unit-price contracts.

Other Special Focus Areas

- How and when to use monitoring and continuous auditing to find fraud.
- Examine and determine a workable response to:
  - Management fraud, manipulating the financial records, and other results manipulation.
  - Fraud risks involving technology (including cybercrime).
  - The realities of compliance with anti-bribery laws (including the FCPA and similar laws in other countries).
  - Exposures unique to government, education, and not-for-profit entities.

Audit Issues in Fraud Incident Response and Investigation

- Learn the objective of investigations — and how audit can support those objectives.
- Identify the barriers to effective incident response and how to avoid them.
- Learn what can go wrong during investigations.
- Explore options for auditors in fraud incident response and investigation.
- Create a fraud incident response checklist.
- Learn the foundations of investigative interviewing.
- Construct a solid insurance claim for damages.
- Work effectively with attorneys, executives, human resources, outside specialists, and others with a role in investigations and action decisions.
- Consulting with other technical specialists on fraud cases, including your own legal, human resources, security/loss prevention, and technology staff.
Course Information

Course Duration: 2 Days

CPE Hours Available: 16

Knowledge Level: Intermediate

Field of Study: Auditing

Prerequisites: A solid working knowledge of internal auditing theory and practice. Prior work experience in fraud or related issues is preferred.

Advance Preparation: None

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