



Financial Statement Fraud Detection for Internal Auditors

Course Schedule – Topics & Activities

Internal Audit's Role in Deterring and Detecting Financial Statement Fraud

- Define financial statement fraud
- Discuss how internal audit's role in deterring and detecting financial statement fraud supports organizational objectives and assists those charged with governance

Recent Trends in Financial Statement Fraud

- Discuss the elements of financial statements most commonly misstated or manipulated according to SEC enforcement releases
- Describe some of the differences between key industries

Financial Statement Fraud Detection Methods

- Discuss different ways in which financial statement fraud is detected
- Describe the roles of different stakeholders in detecting it
- Discuss the potential implications for internal audit methods

In each of the financial statement fraud areas below, we will discuss common schemes, potential fraud risk indicators and some potential detection measures and tests.

Revenue Recognition Manipulation

- Recording fictitious revenue
- Recognizing revenue despite unresolved contingencies
- Recognizing revenue from sales billed, but not shipped ("bill and hold")
- Recognizing revenue despite lack of delivery, incomplete delivery, or lack of customer acceptance
- Accounting improperly for (or failing to reserve properly against) refunds, exchanges, cancellations, refusals, or returns
- Recognizing inappropriate revenue from swaps, round-tripping or barter arrangements
- Others

Manipulation of Assets

- Accounts receivable schemes
- Inventory schemes
- Fixed asset schemes

Manipulation of Liabilities

- Accounts payable schemes
- Manipulation of reserves

Improper Disclosures

- Common schemes

Emerging Issues

- Discuss current hot topics and emerging issues

Responding to Indicators of Potential Financial Statement Fraud

- Identify when an internal audit should become a fraud investigation
- Consultation with legal counsel
- Identifying boundaries/potential conflicts

Course Duration: up to 2 days

CPE: up to 16

[Submit an Inquiry](#)