



THE ARC TRAINING GROUP
A Division of The ARC Consulting Group, Inc.
A Profit Enhancement Firm
Providing Educational and Consultative Services to the
International Business Community

SEMINAR FACT SHEET

THE FORENSIC AUDITING COURSE: HOW TO IDENTIFY FRAUD IN FINANCIAL STATEMENTS COURSE NO. ARC 017

SEMINAR OVERVIEW

Economic crime is an unpleasant fact. It has touched every country, every industry, and has no signs of stopping. During the past several years, the number of reported cases of fraud and corruption has continued to grow dramatically. Compounding this is the challenges faced by the criminal justice system and a general absence of the necessary skill sets to gather the proper audit evidence so vital to criminal investigations. Even audited financial statements don't safeguard today's investors from these criminals. Current studies show that **external auditors were complicit in 50%** of the financial statement frauds over the past 10 years.

WHO SHOULD ATTEND

This course is for anyone who needs to be able to evaluate a set of financial statements to determine the possibility of fraud. Internal and External Auditors with at least two year of hands-on audit expense who want to expand their expertise into the world of forensic auditing and litigation support. Executive management, audit committee members and those who have personal responsibility for the proper reporting of financial results

AUDIT PROFESSIONALS	FINANCIAL PROFESSIONALS	TECHNICAL PROFESSIONALS	OPERATIONAL PROFESSIONALS	STRATEGIC MANAGEMENT
■ Staff	■ Staff	■ I / T	■ Supervisors	■ Managers
■ Seniors	■ Controllers	■ Engineers	■ Team Leaders	■ Directors
■ Managers	■ Directors	■ Proj. Managers	■ Managers	■ Vice Presidents
■ Directors	■ VP's & CFO's	■ ISO & Quality	■ Plant Managers	■ CEO's

WHAT WILL BE COVERED

This course will provide accounting and auditing professionals with the tools, techniques and insight to evaluate the potential for fraud to exist within their current operating and financial reporting systems. While the Sarbanes-Oxley Section 404 internal control reporting requirements help to minimize the potential for fraudulent activities to occur, history has shown that ingenious employees can and have manipulated even the best control systems for personal gain.

SPECIAL FEATURE: You can tailor this program by using any financial statements of customers, suppliers, potential acquisition targets, and potential outsourcing partners in lieu of the standard case study provided with the materials at no additional charge. ARC will gladly modify this program **AT NO COST** to ensure your team receives the best educational experience possible.

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HOW YOU WILL BENEFIT

At the end of this program, you will be able to:

- Identify the key indicators which indicate that a forensic audit may be necessary
- Investigate allegations of fraudulent activities reported by employees or business associates, including proper interview techniques.
- Identify the Key “Fraud Strategies” uses to mislead potential investors or regulators
- Staff the forensic audit team.
- Design the forensic audit work program.
- Protect potential forensic evidence.
- Develop the right forensic tests to detect the potential for fraud to exist in financial statements
- How to determine if fraudulent activities are occurring in your organization
- Gather the proper evidence to support litigation if necessary.
- Develop proper forensic exhibits
- Ensure forensic audit tests will pass The Daubert Rule.

PROGRAM AGENDA

DAY ONE:

THE INTERNATIONAL BUSINESS ENVIRONMENT

- The key issues which drove the frauds of the 21st Century
- The Organizational Planning Framework
- The Role of Effective Financial Reporting
- The Role of Prudent Financial Investors

THE EXPERT WITNESS

- Credentials
- Profile of the Expert Witness
- Distinguishing the Actual Area of Competence
- The Expert’s role in the Litigation Team
- Pre-testimony Activities
- Behavior and Appearance On The Witness Stand
- Direct Testimony
- Cross-Examination

OVERVIEW OF “CREATIVE ACCOUNTING” TECHNIQUES AND THE RED-FLAGS OF FRAUD

- Fraud Perpetrated through the Development of False Financial Statements
- Fraud Perpetrated through Misuse of Corporate Resources
- Fraud Perpetrated through Third-Party Intervention
- Fraud Perpetrated through False Revenue Recognition
- Fraud Perpetrated through the Use of Acquisitions
- Fraud Perpetrated through Financial Instruments and Off Balance Sheet Structure
- Fraud Perpetrated through Consolidation Activities
- Fraud Perpetrated through Derivatives
- Fraud Perpetrated for the Benefit of the Individual
- Fraud Perpetrated for the Benefit of the Company
- Fraud Perpetrated for the Benefit of a Third Party
- Fraud Perpetrated for the Benefit of Key Shareholders
- Fraud Perpetrated through Override of Existing Controls

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- Fraud Perpetrated through Absence of Proper Accounting Documentation

IDENTIFYING THE RED-FLAGS OF FRAUD

- Tools and Techniques to Identify Fraudulent Activities
- Fraud Perpetrated for the Benefit of the Individual
- Fraud Perpetrated for the Benefit of the Company
- Fraud Perpetrated for the Benefit of a Third Party
- Fraud Perpetrated for the Benefit of Key Shareholders
- Fraud Perpetrated through Override of Existing Controls
- Fraud Perpetrated through Absence of Proper Accounting Documentation
- The Seven Horsemen of Fraud
- Key Ratios to Measure the Potential for Fraud to Occur
- The Electronic Risk

DAY TWO

INTERNAL ACCOUNTING AND OPERATIONAL CONTROLS AND FRAUD

- Nature and Theory of Internal Control Structures
- Internal Operational Controls
- Internal Accounting Controls
- Internal Controls and Fraud
- Controls and the Deterrence of Fraud
- Controls and the Detection of Fraud
- Controls and the Investigation of Fraud
- Controls and Compliance with The Foreign Corrupt Practices Act of 1977
- Controls and Compliance with Section 302 and 404 of The Sarbanes-Oxley Act of 2002

DEVELOPING THE LITIGATION SUPPORT TEAM

- The Characteristics of a Forensic Auditor
- Essential Skills for a Forensic Auditor
- Sources for Recruiting Forensic Auditors
- Building the Audit Team
 - Forensic Accountants
 - Technical Professionals - I/T Experts
 - Technical Professionals - Other “Experts“

IDENTIFYING AND SECURING POTENTIAL FORENSIC EVIDENCE

- Developing the Forensic Audit Objectives
- Principles of Legal Evidence
- The “Daubert Rule”
- Evidence as an “Attorney Work Product”
- Strategies for Identifying Sources of Forensic Evidence
 - Hard Evidence Sources
 - Electronic Evidence Sources
- Securing Potential Forensic Evidence to Prevent Loss, Corruption, and Contamination
- Issues Relating to Electronic Data Sources - Securing Drives, Data, and Networks
- Challenges Presented by The Internet, Corporate Intra-Nets, Networks, and E-Mail

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DEVELOPING FORENSIC EVIDENCE AUDIT TESTS TO QUANTIFY LOSS

- Principles of Forensic Test Development
- The Dalbert Rule for Admissibility of Forensic Evidence
- Strategies for Identifying Sources of Forensic Evidence
- Components of Forensic Evidence
 - Forensic Imaging
 - Analyzing the Data
- Development of “Exhibits” for Use in Court
- Evaluating the Sufficiency, Competency, Relevancy, and Usefulness of Evidence
- Uses and Limitations of Statistical Sampling in Gathering Forensic Evidence
- Evidence Gathered through Financial Audit Analysis
- Evidence Gathered through I/T Analysis
- Evidence Gathered through Operational Analysis
- Evaluating the Sufficiency and Competency of Forensic Evidence to Support Litigation

DAY THREE

OVERVIEW OF THE NATURE AND PURPOSE OF FORENSIC INTERVIEWS

- The Nature and Purpose of Forensic Interviews
- The difference between Interviews and Interrogations
- Types of Witnesses
- Legal Concerns and Considerations
- The Miranda Rule and How it Applies to the Forensic Auditor
- Issues Relating to “Duress”
- The Environment of the Interview Room
- Harassment Concerns
- The Use of Polygraph Machines
- The Use of Video and Audio Recording
- Use of Specialists and Professionals

DEVELOPING THE FORENSIC REPORT AND RELATED EXHIBITS

- Cash: the fuel that drives the organization
- The difference between cost and cash
- Key cost decisions made relating to cash
- Impact of cash decisions on the total cost of the production and overhead operations
 - Payable and receivable cycles
 - Inventory levels
 - Recovery of investments in R&D
 - Alternative production methodologies

CASE EXERCISE

The case study is a single continuous case that will begin with Section 1 and conclude on the last day of the program. It is based on a fictional company, but resembles many aspects of several of the most famous accounting frauds over the past 10 years. We can modify the case to fit your specific needs and requirements.

- Completion of comprehensive case exercise
- Presentation and discussion of results


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COURSE SUMMARY AND WRAP-UP

This section provides you with the opportunity to address any specific issues with the total group as a resource, to review any specific issue or topic addressed in the program, or to just recap the benefits received from the program and the group as a whole. Your specific learning objectives are addressed and program evaluations are completed.

SEMINAR PRICING AND LOGISTICS

Duration: 3 Days	Program Level: Introductory
Seminar Fee: \$ 10,500	Average Cost / Attendee: \$ 420
Prerequisites: None	Advanced Preparation: None
Maximum Attendance: 25	CPE Hours: 24
Delivery Method: Group Live	Booking Instructions: (904) 268-1148
This fee includes all instructor travel, living and professional fees, and all participant materials. The client is responsible for training facility, audio-visual requirements, and other creature comforts. For information regarding refund, complaint and program cancellation policies, please visit our website at www.arctraining.com, or call Kate Robbins at (904) 268-1148.	
For additional savings to your organization, invite participants from companies in your area who may also be interested in this program. The ARC Training Group places no restrictions on who you can ask to join your group.	

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