



**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**

### **ARC'S FORENSIC AUDITING COURSE: HOW TO IDENTIFY FRAUD IN FINANCIAL STATEMENTS COURSE NO. ARC 016**

#### **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

#### **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.

#### **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
- 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.

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### PROGRAM AGENDA

#### DAY ONE:

##### THE INTERNATIONAL BUSINESS ENVIRONMENT

- The key issues which drove the frauds of the 21<sup>st</sup> 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
- 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

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### 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 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
  - N Forensic Imaging
  - N 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

#### 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

#### 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.

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### SEMINAR PRICING AND LOGISTICS

<b>Duration:</b> 2 Days	<b>Program Level:</b> Introductory
<b>Prerequisites:</b> None	<b>Advanced Preparation:</b> None
<b>Maximum Attendance:</b> 6	<b>CPE Hours:</b> 16 A&A
<b>Delivery Method:</b> Group Live	<b>Booking Instructions:</b> Call (904) 268-1148
<b>Seminar Fee:</b> 1,995.00 per person	<b>Email:</b> <a href="mailto:Rick@ARCTraining.com">Rick@ARCTraining.com</a>
<b>Group Discount: Book 3 people and the fourth person is free!</b>	

#### **Cancellation Policy:**

If you cannot attend a seminar you can contact ARC in advance to transfer to a future session, or you can send someone to take your place. If you need to cancel your attendance, ARC will give you a complete refund if you cancel more than three weeks before your seminar begins. To cancel, simply email us at [rick@arctraining.com](mailto:rick@arctraining.com). If you cancel with less than three weeks' advance notice, you will be liable for the entire seminar fee. Once your payment has been received, you may request a courtesy transfer to use at any future ARC seminar of equal or lesser length up to three weeks prior to the session. The courtesy transfer must be used within one year of the date of your originally scheduled seminar. In fairness to all attendees, if you do not attend a seminar session for which you are confirmed and do not contact ARC to cancel in advance, you will be charged the entire seminar fee.

ARC grants courtesy transfers to people who cannot attend their scheduled sessions up to three weeks prior to the session. You can use a courtesy transfer for any seminar of equal or lesser length than the original seminar. You must use your courtesy transfer within one year of the date of your originally scheduled seminar.

ARC guarantees the quality of our seminars. If, for any reason, you are not satisfied with a seminar for which you have paid, ARC will give you credit toward another seminar of comparable price or will refund your fee. You can also register on our website at <http://www.ariconsultinggroup.com/open-enrollment-programs/>. You can also call Rick Balog at 904-268-1148.



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