

ACFE Workshop Outline
17 June 2023
Fraudulent Financial Statement Detection

Overview

Large and small organizations are vulnerable to fraud. According to the recent ACFE's Report to the Nations, the average organization loses an estimated 5 percent of its annual revenue to fraud each year. As one of the three typology of fraud, financial statement fraud can be considered as underrated among discussion inside and outside the workplace. Such observation hurts organization more especially given financial statement fraud provide the biggest damage among the other types of fraud. Therefore, it is essentials for the member of organizations to be aware of the financial statement fraud and how best to cope with it.

If your professional responsibilities include reviewing and evaluating financial statements, then this workshop is for you. We will discuss the concept of financial statement fraud and provide you with practical techniques to detect the manipulation financial statement. By attending this workshop, you will benefit from an enhanced understanding of what the numbers mean and the increased ability to detect indicators of financial statement fraud.

Topics Outline

1. Introduction to Financial Statement Fraud (90 mins)
 - a. Financial statements fraud facts – 40 mins
We will refresh the concept of financial statement and fraud, types of occupational fraud, who may be vulnerable, financial impact, duration of fraud scheme, and financial statement fraud concept.
 - b. Perpetrators and motives for committing financial statement fraud – 20 mins
We will discuss who may and can commit financial fraud, their possible profile and why people commit financial statement fraud from the perspective of fraud triangle (pressure, opportunity, and rationalization).
 - c. Warning Signs of Financial Statement Fraud – 20 mins
We will discuss the red flags from the perspective of individual behaviour, organization, financial, and business and industries.
 - d. Q&A – 10 mins

2. Financial statement fraud schemes (140 mins)
 - a. Overview of financial statement fraud techniques – 10 mins
We will generally discuss the financial statement fraud techniques which consist of accounting tricks, accounting system lies, and fraud beyond the accounting system.
 - b. Schemes 1: Revenue-based schemes - 30 mins
We will discuss the revenue recognition principle and the possible schemes under revenue which consist of timing schemes, fictitious and inflated revenue, misclassification schemes, and gross-up schemes.
 - c. Schemes 2: Asset-based schemes – 30 mins

We will discuss the possible schemes under asset which consist of improper capitalization costs and asset valuation schemes.

d. Schemes 3: Expense and liability schemes – 30 mins

We will discuss the possible schemes under expense and liability schemes which consist of shifting expenses to future periods and omissions of liabilities.

e. Other Schemes – 20 mins

We will discuss the other schemes within the coverage of consolidation/business combinations, using financial statement fraud as concealment mean, and disclosure fraud.

f. Q&A – 20 mins

3. Detecting Financial Statement Fraud (90 mins)

a. General overview of financial statement fraud detection – 10 mins

We will discuss the common myths about financial statement fraud and the general idea of detection.

b. Applying techniques for detection – 50 mins

We will discuss the techniques for detecting financial statement fraud which consist of financial statement analysis (horizontal, vertical, and budget variance), ratio analysis, and other possible detection procedures.

c. Learning from detection to prevent financial statement fraud – 20 mins

We will discuss how organization can utilize the learning from the understanding and detecting the financial statement fraud to enhance their prevention strategy and improve their governance and controls.

d. Q&A – 10 mins

Schedule

Time	Duration	Topics
09.00 – 09.10	10 mins	Opening
09.10 – 10.40	90 mins	Introduction to Financial Statement Fraud
10.40 – 10.50	10 mins	Break
10.50 – 12.00	70 mins	Financial statement fraud schemes
12.00 – 13.00	60 mins	Lunch break
13.00 – 14.10	70 mins	Financial statement fraud schemes (cont'd)
14.10 – 15.00	50 mins	Detecting Financial Statement Fraud
15.00 – 15.10	10 mins	Break
15.10 – 15.50	40 mins	Detecting Financial Statement Fraud (cont'd)
15.50 – 16.00	10 mins	Closing and feedback