Overview

► What is Forensic Accounting?
  ► Definition and Services
  ► The Forensic Accountant
  ► History
  ► Roles Within Organizations

► Fraud
  ► How Fraud Occurs
  ► Anti-Fraud Programs
  ► Responding to Fraud
What is Forensic Accounting?

*Definition and Services*

- Definition

- Characteristics of Forensic Accounting Services

- Examples of Services
  - Fraud Investigations
  - Compliance and Risk Assessments
  - Disputes / Litigation Support
  - Damage or Loss Assessments
What is Forensic Accounting?

The Forensic Accountant

- Degrees
- Backgrounds
- Certifications
  - Certified Public Accountant (CPA)
  - Certified Fraud Examiner (CFE)
  - Certified in Financial Forensics (CFF)
  - Other Specialties
- Qualifications
- Careers
What is Forensic Accounting?

The Forensic Accountant (continued)

- Forensic Accountants vs. Auditors
  - Objective
  - Skill Sets
    - Responsibilities
- In-House or External?
  - Independence and Objectivity
  - Attorney Client Privilege
  - Specialties
What is Forensic Accounting?

History of Forensic Accounting

► 1800’s
  ► Accountant testimony in bankruptcy hearing
  ► “Legal accounting”

► 1900’s
  ► Al Capone
  ► Lindbergh Kidnapping
  ► “Forensic accounting”

► Professional History
  ► American College of Forensic Examiners
  ► American Board of Forensic Accounting
  ► Journal of Forensic Accounting, Auditing, Fraud, and Taxation
What is Forensic Accounting?

History of Forensic Accounting (continued)

- Sarbanes-Oxley Act
  - Enron, Tyco, and Worldcom
  - Provisions
    - Public Company Accounting Oversight Board (PCAOB)
    - Relevant Provisions
      - Internal Controls
      - Audit Committee
      - Whistleblowers
        - Protections

- Impact of Sarbanes-Oxley on Forensic Accounting
  - Independence Considerations
  - Forensic Accounting Today
What is Forensic Accounting?

Roles Within Organizations

- Board of Directors
- Audit Committee
- External Auditors
- Internal Auditors
- External Forensic Accountants
Fraud

*How Fraud Happens*

- Cressey’s Fraud Triangle
  - Focus on Opportunity
  - Preventing Fraud
    - Internal Controls

- Anti Fraud Program
## Fraud

### Components of an effective anti-fraud program

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### Elements of a successful corporate anti-fraud program

**Management Ownership and Involvement**

### Anti-fraud key activities

- Corporate compliance assessment
- Corporate compliance design
- Gap analysis
- Future state design session
- Discovery response planning
- Records and information management

- Who owns fraud?
- Assign roles and responsibilities
- Fraud and risk committee formulation
- Customized training
- Corporate governance
- Design sessions
- Corporate anti-fraud road map
- Anti-corruption compliance assessments

- Fraud risk assessment
- Targeted anti-fraud analytics
- Operational analytics
- M&A Due Diligence
- 3rd Party Due Diligence
- Vendor Risk profiling
- Vendor Vetting - Level I, II, III background checks

- Investigations
- Fraud response planning
- Forensic data analytics
- Discovery and document review
Fraud

Responding to Fraud

► Investigation Process
  ► Fraud “Trigger”
  ► Review and Analysis
  ► Determine Response
    ► Fraud Response Team
    ► Determine Scope
    ► Conduct Investigation
      ► Ongoing Communication
  ► Report Findings and Conclusions
  ► Follow-up