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## Course Information

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**Course Title:** Fraud Examination #366622

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

**CPA: 12** (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

### Course Description

This course is a practical reference for how to prevent, detect, and investigate fraud within a business. It can be used to identify the different types of fraud, as well as to construct an environment in which fraud is minimized. In addition, it describes the many indicators of fraud, so that it can be detected early. The course also describes the process for investigating fraud, including interviewing techniques, document examination, and how to write a fraud report. In short, *Fraud Examination* is an essential tool for anyone interested in how fraud is perpetrated and how to conduct an investigation when fraud is suspected.

### Course Content

Publication/Revision date: 5/17/2022.

Author: Steven M. Bragg, CPA.

Final exam (online): sixty questions (multiple-choice).

**Program Delivery Method:** NASBA QAS Self-Study (interactive)

## Subject Codes/Field of Study

NASBA (CPA): Accounting

## Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

## Instructions for Taking This Course

- Log in to your secure account at [www.bhfe.com](http://www.bhfe.com). Go to "My Account."
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- Complete the course by following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

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- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

# Learning Objectives

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- Recognize the conditions under which fraud is most common.
- Cite the types of rationalization used for committing fraud.
- Specify the circumstances under which collusion is more likely to occur.
- Specify the different types of fraud.
- Identify the activities in which a fraud examiner may be engaged.
- Specify the methods used to falsify expense reports.
- Recognize the different types of fraud related to each functional area of a business.
- Recognize the various techniques used to falsely modify the financial statements.
- Identify the goal of mis-reporting cash flows.
- Identify the positions most likely to be engaged in financial statement falsification.
- Specify the formula used to construct a balance sheet.
- Describe the order of liquidity concept.
- Recognize the different types of analysis used to detect fraud.
- Specify the inter-relationships among accounts and the financial to non-financial comparisons that can be used to find instances of fraud.
- Recognize the methods available for reducing the perceived pressure on employees.
- Identify the situations in which background checks should be used.
- Identify the alternative responses to the discovery of fraud by an employee.
- Cite the protective measures that an outside investor can use to protect himself against fraud.
- Specify the policies most useful for preventing fraud.
- Identify the uses to which the dual custody concept can be put.
- Recognize the negative effects of installing controls.
- Specify the different controls that can be used to specifically combat fraud.
- Cite the indicators of a possible problem with a journal entry.
- Specify the circumstances under which a shared services center is most useful.
- Recognize those controls that are most useful in a smaller organization.
- Cite the fraud risks associated with operating in an emerging market.
- Identify the actions to take when searching for different types of fraud.
- Specify the best practices for operating an employee hotline.
- Recognize the concept underlying Benford's Law.
- Describe the circumstances under which a z-score can be used to identify fraud.
- Identify the different types of risk associated with the examination of documents.
- Specify the types of fraud schemes that are least likely to be noticed.
- Recognize the procedures needed to deal with fraud situations.
- Cite the different types of fraud investigation techniques.
- Identify the steps to be followed when examining a hard drive for evidence.
- Specify how the Bates numbering system is used.
- Recognize the calculation for estimating the income of an employee.
- Cite the characteristics of an ideal fraud interviewer, and the types of questions that this person asks.
- Identify how assessment questions are used.
- Recognize the different types of integrity tests.
- Recognize the contents of a typical fraud report.
- Cite the documentation requirements for a fraud interview.
- Identify the methods available for recovering funds from a fraud.
- Describe the purpose of a grand jury.

## About the Author

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**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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# Preface

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Every organization can be impacted by fraud, with the potential to lose its assets and reputation as the result of improper actions by its own employees and outsiders. While the accounting department is best known for being a locus of fraud activities, fraud can actually be found anywhere in a business, from the mail room to the executive suite. Given the breadth and severity of fraud, an organization needs a reference for how to prevent, detect, and deal with fraud. *Fraud Examination* is that book, since it covers every possible fraud topic – the types of schemes that can be used against a business, specific prevention activities to undertake, and how to investigate fraud.

The book is divided into three sections. In Chapters 2 and 3, we cover the many types of fraud and theft schemes, with particular attention to financial statement fraud. In Chapters 4 through 6, we cover the methods used to prevent fraud from occurring, including the use of fraud-specific controls, and describe the indicators of fraud. Finally, in Chapters 7 through 11, we address the investigation process when fraud is suspected, including interviewing techniques, writing the final report, and the legal aspects of fraud.

You can find the answers to many questions about fraud examination activities in the following chapters, including:

- What are the triggers that can cause someone to engage in fraud?
- How does money laundering work?
- How can the reported sales of a business be falsely inflated?
- What types of corporate policies can be used to combat fraud?
- What types of controls can be used to mitigate the risk of payroll fraud?
- What accounting anomalies can indicate the presence of fraud?
- How does the chain of custody impact the ways in which documents are handled?
- How is an interview conducted with an unfriendly interviewee?
- What information is included in a fraud report?
- How does civil litigation vary from criminal litigation?

*Fraud Examination* is designed for professionals and students, who can use it as a reference tool for preventing, detecting, and investigating fraud.

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