

Detecting Fraud Using Data Analysis

Instructor: Scott Langlinais, CPA

Massive data sets within the organization's systems can hide symptoms of fraud and waste. This tactical workshop delves into specific methods for auditors, investigators, and finance professionals to highlight symptoms of problems across all company processes. Learn how to apply data analysis skills to effectively test one hundred percent of a transaction population and achieve a positive return-on-investment for your organization.

Who should attend: Auditors, investigators, finance & accounting Professionals. This workshop is not about what buttons to click; it is about strategies employed through the use of data analysis. Also, the workshop is software-neutral, meaning participants will benefit whether they use IDEA, ACL, SQL queries, or simply Excel and Access. The instructor will demonstrate techniques that can be handled by all of the programs.

Learning Objectives

Upon completion of this course, participants will understand how to:

- Overcome mindsets that prevent us from properly addressing fraud;
- Apply a consistent methodology for fraud detection;
- Employ data analysis techniques used to successfully detect fraud;
- Blend traditional methods of auditing with data analysis techniques;
- Incorporate data analysis techniques into routine daily activities to improve detective controls;
- Avoid common pitfalls related to data analysis;
- Apply data analysis to audits of process areas common to all organizations;
- Use data analysis to test 100% of a population instead of a sample;
- Apply lessons from case studies to your own unique environment.

8 CPE

Field of Study: Accounting, Auditing

Group-live

No prerequisites or advanced preparation required

Langlinais

Defending against Fraud
(214) 235-2457

ScottLanglinais.com

Langlinais@xemaps.com

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Course Outline

Preparing to Detect Fraud

- ✓ Overcoming beliefs that hinder our ability to achieve results;
- ✓ How much fraud is out there;
- ✓ Our role in fraud detection;
- ✓ An allegation exercise to evaluate your environment;
- ✓ Elements of a strong fraud policy;
- ✓ A case study exercise from an organization that lost \$11 million on their credit cards;
- ✓ A step-by-step approach to fraud detection;
- ✓ Data analysis in perspective.

Fundamental Data Analysis Techniques

- ✓ Importing preferences;
- ✓ Using control totals to detect manipulation of reconciliations and spreadsheets;
- ✓ Sorting data to highlight key missing fields, stale transactions, odd dates, and unusually large/small items;
- ✓ Detecting anomalies through statistical analysis;
- ✓ Effective use of extractions, using logic operators to highlight odd transactions;
- ✓ How to spot patterns with summarizations and pivot tables;
- ✓ Case studies and group exercises to reinforce detection techniques.

Beyond Fundamentals

- ✓ Traps to avoid;
- ✓ Searching for descriptors symptomatic of earnings management, fictitious payments, and corruption;
- ✓ Effective uses of field manipulation;
- ✓ Duplicate key detection & exclusion;
- ✓ Date stratification to detect spikes in activity around a period end, symptomatic of earnings management;
- ✓ Numeric stratification and the circumvention of approval authority;
- ✓ Joining databases to detect false vendors, ghosts on the payroll, and revenue loss;
- ✓ Time block comparisons to detect escalating activity symptomatic of false vendors, cash misappropriation, and 'black hole' accounts;
- ✓ Benford's Law and its application;
- ✓ Where to look for problems in your environment;
- ✓ What can go wrong & common symptoms of fraud;
- ✓ Putting it all together into a plan.

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About the Instructor

Scott Langlinais has dedicated over 20 years of his career as a CPA to fraud detection and investigation. Audit and finance professionals around the world have invited him in-house to assist with investigations and educate personnel about proper fraud detection, prevention, and response. Business leaders from emerging companies to Fortune 500's, across most industries, have asked him to assess their environment, perform diagnostic tests to detect symptoms of wrongdoing, and design strategies to help defend the organization's people, reputation, and assets. He has conducted investigations related to executive corruption, bribes & kickbacks, vendor overbilling & underperformance, and employee theft. He regularly reports his findings to Boards of Directors, has submitted his findings to law enforcement organizations such as the U.S. Secret Service, and has testified in court.

Mr. Langlinais employs sophisticated data analysis techniques to sift through system transactions and seek indicators of fraud. Using such techniques, he has helped companies recover millions of dollars from wrongdoing such as intentional overpayments to vendors, unbilled revenues, and corruption.

He speaks regularly about his fraud detection and investigation experiences at conferences hosted by the Institute of Internal Auditors, the American Institute of Certified Public Accountants, the Association of Certified Fraud Examiners, State Auditors, and the Information Systems Audit and Control Association. The International Risk Management Institute has published several of his articles about fraud prevention.

Prior to starting his own practice in 2003, Mr. Langlinais held public accounting and internal audit leadership positions, and served as Chief Audit Executive for a NASDAQ 100 software company.

He received a BBA degree from the University of Notre Dame in 1991.

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