

Detecting Procurement Fraud

Instructor: Scott Langlinais, CPA

The Purchasing function is responsible for substantial cash outflow, yet in many organizations it is not as tightly controlled as other outlay departments such as Payroll or Treasury. False vendors and intentional overcharges have cost organizations millions, in some cases over \$100 million. Companies have been bankrupted by the actions of a single vendor, and corrupt relationships between purchasing officials and vendors have led to disastrous shortcuts in product and service delivery.

Detecting Procurement Fraud offers the knowledge and skills necessary to reduce fraud losses in your organization. The practical methods we teach provide valuable solutions for addressing difficult issues, and we reinforce key learning points through case studies and practical group exercises. You will see fraud as we encounter it in the field.

Who Should Attend: Auditors, finance personnel, and investigators, who possess the unique ability to defend against fraud, protect their leaders from surprises, and help keep their organizations and clients away from unwelcome media attention.

Learning Objectives

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

- Overcome mindsets that prevent people from detecting fraud;
- Apply a consistent methodology for problem detection;
- Identify what can go wrong: false vendors, kickbacks, conflicts of interest, and pay-to-play;
- Recognize common symptoms of procurement fraud;
- Look for problems in books and records;
- Avoid common pitfalls;
- Recognize the power of gifts & entertainment over purchasing officials;
- Apply techniques successfully used by other organizations to defend against fraud;
- Apply lessons from case studies to your own environment.

8 CPE

Field of Study: Accounting, Auditing

Course Level: Intermediate

Group-live

No prerequisites or advanced preparation required

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Defending against Fraud

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Course Contents

Preparing to Detect Fraud

- ✓ Overcoming beliefs that hinder our ability to achieve results
- ✓ How much fraud is out there
- ✓ Why fraud persists
- ✓ An allegation exercise to evaluate your environment
- ✓ Assessing policies
- ✓ How allegations surface
- ✓ Importance of early detection
- ✓ Perceptions of wrongdoing
- ✓ A method for detecting fraud

Detecting Corrupt Behaviors

- ✓ What can go wrong – common schemes in procure-to-pay processes
- ✓ Recognizing symptoms of procurement fraud
- ✓ Understanding how people detect and respond to unethical activities
- ✓ Working detection into routine processes
- ✓ Influencing your culture

Where to Look

- ✓ Case Study Exercise: Procurement Cards
- ✓ Case Study Exercise: Common Purchases across Multiple Areas
- ✓ Detecting false vendors
- ✓ Detecting problems in large contracts
- ✓ Areas subject to corrupt relationships
- ✓ Scientific Study: A Multiple Bid Process
- ✓ Case Study Exercise: Systemic Fraud in a Purchasing Function

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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