

Detecting Procurement Fraud

Instructor: Scott Langlinais, CPA

Personnel involved in the purchase-to-pay processes are responsible for substantial cash outflow, yet in many organizations these processes are not as tightly controlled as other outlay departments such as Payroll or Treasury. False vendors and intentional overcharges have cost organizations dearly, 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 properly detecting and responding to fraud;
- ✓ Identify what can go wrong: procurement cards, false vendors, kickbacks, conflicts of interest, intentional overcharges, and product substitutions;
- ✓ Recognize common symptoms of problems in the purchase-to-pay processes, and apply a consistent method for detecting those symptoms;
- ✓ Avoid common pitfalls;
- ✓ Recognize the power of gifts & entertainment;
- ✓ 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; no prerequisites or advanced preparation required

Group-live

Langlinais

Defending against Fraud
(214) 235-2457

ScottLanglinais.com

Langlinais@xemaps.com

Detecting Procurement Fraud Course Contents

Establishing Discipline

- ✓ Overcoming beliefs that hinder our ability to achieve results
- ✓ How much fraud is out there
- ✓ Our role in fraud detection
- ✓ Case study in procurement cards
- ✓ An allegation exercise to evaluate your environment
- ✓ Establishing responsibilities for addressing fraud
- ✓ Exercise in perceptions of wrongdoing
- ✓ How to detect fraud

Fraud in Procurement

- ✓ Understanding purchase-to-pay processes
- ✓ What can go wrong – common schemes in procurement
- ✓ Brainstorming your organization's exposures
- ✓ How to recognize symptoms of procurement fraud
- ✓ Methods for working detection into your routine processes
- ✓ Case study in intentional overcharges by a national office supply chain

Specific Schemes

- ✓ False vendors & fictitious payments: cases worth knowing and how to detect
- ✓ Materials substitutions, shorted deliveries, and counterfeits
- ✓ A case study in detection: The Wine Sleuth
- ✓ Examining corruption in the purchasing function: cases worth knowing and how to detect
- ✓ Scientific study of the multiple-bid process
- ✓ Case study of 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.

Langlinais

Defending against Fraud
(214) 235-2457