Fraud Case Studies – How they were Perpetrated and Detected?
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I. FRAUD AND TODAY’S ENVIRONMENT

II. OCCUPATIONAL FRAUD AND ABUSE
    A. The use of one’s occupation for personal enrichment
    B. The misconduct of employees, managers and executives

III. 2010 Report to the Nations on Occupation Fraud and Abuse –
    Association of Certified Fraud Examiners
    A. Occupational Fraud Schemes
    B. Losses by fraud scheme
    C. Detection methods
    D. Antifraud controls
    E. Weaknesses
    F. Perpetrators

IV. COSO’S FRAUDULENT FINANCIAL REPORTING 1998-2007 – An Analysis
    of U.S. Public Companies
    A. Common Financial Statement Fraud Techniques
    B. Improper Revenue Recognition
    C. Overstatement of Assets

V. FRAUD RISK FACTORS
    A. Opportunity
    B. Incentive/Pressure
    C. Rationalization
    D. Capability

VI. RISKS FALLING OUTSIDE SARBANES-OXLEY
    A. Reputation risks
    B. Operational risks
    C. Strategic Risks
    D. Legal risks

VII. FRAUD PREVENTION
    A. Creating and maintaining a culture of honesty and integrity Model
        Appropriate Behavior
        1. Label Appropriate Behavior
        2. Hire the Right Employee
        3. Positive Personnel Procedures and Operating Procedures
        4. Create an Awareness
5. Communicate Appropriate Behavior
B. Assessing the risk of fraud and developing responses to minimize fraud risk and eliminate opportunity

VIII. COMPREHENSIVE ANTI-FRAUD PROGRAM - Based Upon COSO
A. Control Environment – Including establishing the proper tone at the top and organizational culture, code of ethics, fraud policy, ethics hotline and whistle blower program
B. Fraud Risk Assessment – Establish a fraud risk assessment process that consider various risk factors and fraud schemes involving appropriate personnel and perform on a regular basis
C. Antifraud Control Activities – Defining and linking mitigating controls to identified risks, including modifying, designing and implementing necessary preventive and detective controls
D. Information and Communication – Providing fraud awareness training and communicating and promoting the importance of the fraud risk management program
E. Monitoring – Periodic independent evaluation of antifraud controls using continuous monitoring and detection activities
F. Key Steps - To properly address fraud risks within an organization, the following key steps are needed: governance, risk assessment, prevention, detection, deterrence and investigation response

IX. COMMON CORRUPTION AND ASSET MISAPPROPRIATION SCHEMES
A. Bribery and Conflicts of Interest – Schemes involving the employee’s use of his or her influence in business transactions in a way that violates his or her duty to the employer for the purpose of obtaining a benefit for themselves or someone else.
B. Inventory Fraud Scheme – Any scheme in which a person uses their influence in business transaction in a way that violates their duty to their employers in order to obtain a benefit for themselves or someone else.
C. Billing Scheme - Any scheme in which a person causes his or her employer to issue a payment by submitting invoices for fictitious goods or services, inflated invoices or invoices for personal purchases.
D. Check Tampering Scheme - Any scheme in which a person steals his or her employer's funds by forging or altering a check on one of the organization's bank accounts, or steals a check the organization has legitimately issued to another payee.
E. Skimming Scheme - Any Scheme in which cash is stolen from an organization before it is recorded on the organization's books and records.
X. CASE STUDIES
   A. Inventory Fraud Scheme – A large manufacturing company suffers millions in losses from an inventory fraud scheme perpetrated by a trusted warehouse manager.
   B. Billing Scheme
      1. A large service company suffers a $350,000 loss from a billing scheme perpetrated by a Vice President.
      2. A large manufacturing company suffers a $250,000 loss by a long-time accounts payable employee using non accomplice vendor invoices.
   C. Check Tampering Scheme - A medium sized manufacturing suffers a $650,000 loss from a check tampering scheme perpetrated by the assistant controller.
   D. Skimming Scheme - A small business loses money each year and the owners can’t understand why until he makes note of a trusted employee fumbling around with a large cash transaction with a frequent customer.