

Keys to Performing Successful Fraud Reviews and Investigations



Course Outline/Objectives

- Introduction and Background
- Fraud Analysis
- Gathering and Maintaining Evidence
- Forensic Auditing Techniques
- Other Law Enforcement Agencies

Introduction

- Pennsylvania Department of the Auditor General
 - Office of Special Investigations

Background - Differences between Auditing and Fraud Investigations

- Timing
- Scope
- Purpose
- Nature/Value
- Methodology
- Presumption
- Report

Red Flags identified during audits

- Risk Factors that increases vulnerability to fraud
- Types of Fraud



Starting a Fraud Investigation – Fraud Analysis

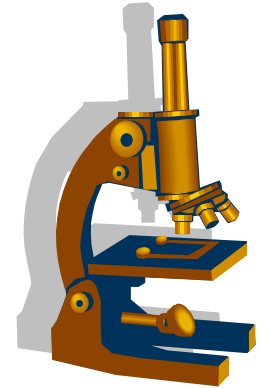
- Plan a strategy based on the red flags and risk factors identified
- Develop fraud theories
- Gather Evidence
- Interview the least likely (least culpable) person first
- Re-evaluate potential fraud scenarios and gather more evidence if needed
- Interview the subject last – the most culpable

Gathering and Maintaining Evidence

- Three types – Real, Demonstrative and Testimonial
- Direct versus Circumstantial
- Chain of Custody
- Dating/Sourcing a document
- Hand writing examples
- Organization of documentation

Forensic Auditing & Investigating Techniques

- Determine your period of review
- Review the Internal Controls
- Select documents based on the fraud theories
- Review documents for legitimacy
- Look beyond the numbers
- Interview the least expected to the most expected subject



Working with Other Law Enforcement Agencies

- Law Enforcement and Investigators
- District Attorneys Office
- U.S. Inspector General Offices
- IRS
- Other Agencies



Case Scenario

- Identify Red Flags & Risk Factors
- Plan a strategy based on potential fraud theory
- Gather evidence and Interview
- Re-evaluate Fraud Theories
- Gather more evidence
- Interview the Subject
- Cooperate with Law Enforcement

