

APEC Financial Regulators Training Initiative
Seminar on Financial Analysis, Forensic Accounting, and Auditing

21-25 June 2010
 Bangkok, Thailand

Hour	Monday	Tuesday	Wednesday	Thursday	Friday
9:00 to 10:30	<p>Participant Registrations (8.30 – 9:00)</p> <hr/> <p>Welcome and Opening Remarks (9:00 – 9:30) Official Photo 9.30 – 9.45</p> <hr/> <p>Participant Introductions 9.45 – 10.00</p>	<p><u>Financial Statement Fraud</u></p> <p>An understanding of the major areas/ red flags of financial statement fraud: Fictitious revenue (and related assets); Timing differences of revenue and expense; Concealed liabilities; Inadequate/ misleading disclosure; Improper asset valuation; Improper/ inappropriate capitalization of expenses, organizational structure, management incentives, transactions.</p> <p><u>Class Exercise:</u> Case Study – Analyze financial statements to detect indicators of fraud and perform and interpret relevant analytical procedures, including risk factors. Perform and interpret ratio analyses, including comparisons across time and to key industry ratios. Participants need to develop solid analytical procedure skills, including the ability to incorporate nonfinancial measures in their assessment of financial data</p>	<p><u>Identify Fraudulent Activities 1</u></p> <p>Understand the basic concept of “red” flags (fraud risk factors), anomalous relationships, events, conditions, or symptoms that indicate and increased probability of fraud. Red flags include: Accounting anomalies; Analytical anomalies; Behavioural symptoms; Internal control weakness; Lifestyle issues; Tips of complaints; Anomalous relationships</p> <p><u>Class Exercise:</u> Design procedures to detect fraudulent activity</p>	<p><u>Fraud Investigation Methods</u></p> <p>An understanding of different fraud examination procedures (investigating the act, concealment, or conversion) in the gathering and evaluation of evidence; the risks of destroying evidence, chain of custody, obstructing justice, and impacting the willingness of individuals to cooperate during an investigation</p> <p><u>Class Exercise:</u> Develop and appropriate evidence gathering plan to support the strategy of investigation</p>	<p><u>Communication & Reporting</u></p> <p>An understanding of the various forms of fraud engagement communications, including written reports, graphical presentation, and oral testimony.</p> <p><u>Class Exercise:</u> Case study involving effective communication skills – Communicate effectively, both orally and in writing: Oral Communication: case presentation, deposition, and courtroom testimony: Written Communication: report writing skills and techniques: Graphical Communication: pictorial representations of finished work: Active listening: listening, digesting, and questioning; Interpersonal skills</p>
	Break				

<p>11:00 to 12:30</p>	<p><u>Overview Civil, Criminal & Regulatory Systems</u></p> <p>Analyze and discuss the impact of the legal & regulatory environment on perpetrators, witnesses, organizations & fraud and forensic accounting professionals, given particular fact patterns and case examples</p>	<p><u>Forensic Accounting</u></p> <p>Outline sources of information & guidance for fraud & forensic accounting such as applicable standards & frameworks, Standards Boards, Acts, Guidelines.</p> <p><u>Class Exercise:</u> Identify applicable standards, given fact patterns or case scenarios, and know how the standards impact issues such as professional responsibility, appropriate investigative response, and the possibility of culpability of associated professional</p>	<p><u>Identify Fraudulent Activities 2</u></p> <p>Understand the advance concept of "red" flags (fraud risk factors) that hardly to detect and how to proactively find and prevent; Advance red flags include: related party transactions, transaction through nominee, top management behavior of siphoning, etc.</p> <p><u>Class Exercise:</u> Identify the red flags from the real case study; the listed companies on the stock exchange</p>	<p><u>Gathering & Presenting Evidence</u></p> <p>Outline the discovery process, lawyer-client privilege, privacy & rules of evidence, identify legal restrictions, privacy laws and rights of individuals on gathering and presenting evidence. Identify the different types of evidence. Identify methods by which perpetrators hide assets.</p> <p><u>Class Exercise:</u> Case study on gathering, analyzing & presenting evidence – Analyze data using a specific item method (direct method of proof) of investigation, including analyzing bank records and tracing money through accounting systems; Analyze data using indirect methods of investigation, including the bank deposit method; analyze net worth and sources and applications of fund; Inspect documents; Maintain the chain/ custody of evidence; Utilize methods for indentifying hidden assets such as public records searches, searching for offshore banking activity, etc.</p>	<p><u>Legal Remedies</u></p> <p>Criminal, Civil & Other – Class Exercise: Identify and evaluate alternative legal remedies, determine the impact of alternatives on investigations, and identify ways that a fraud and forensic accounting professional could assist organizations and the legal community in pursuing appropriate remedies</p> <hr/> <p>Closing Remarks & Certificate Presentation</p>
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1:45 to 3:15	<p><u>Corporate Governance</u></p> <p>Outline effective corporate governance mechanisms such as – Organizational code of conduct supported by an embedded culture of honesty and ethical behavior; An independent and empowered board of Directors; An independent and empowered audit committee; Organizational policies and reward systems that are consistent with espoused ethical values; Confidential disclosure methods; Effective legal risk assessment</p> <p><u>Class Exercise:</u> Work through a case study whereby ethical issues, conflicts of interest, and noncompliance with corporate policies and procedures, inadequate disclosure were evident</p>	<p><u>Ponzi Schemes & Forensic Accounting</u></p> <p>Identify the fraud indicators</p> <p><u>Class Exercise:</u> Work through a Ponzi Scheme case study and identify investment fraud – what should the regulator be looking for?</p>	<p><u>Fraud Search Procedures 1</u></p> <p>An understanding of the different procedures available to proactively search for fraud when symptoms of fraud have not been specifically identified: Review of journal entries, Review of important estimates; Review of infrequent and unusual transactions; Plan and perform audit procedures to detect fraud: Identify risks, Identify possible symptoms and audit for those symptoms, Follow up on anomalous discoveries until the auditor can conclude that fraud has occurred or does not exist</p> <p><u>Class Exercise:</u> Design & conduct procedures to proactively search for fraud</p>	<p><u>Gathering & Presenting Digital/ Electronic Evidence</u></p> <p>An understanding of various sources of public and private digital/ electronic information, types of digital evidence such as metadata in documents, Encase, e-mail headers and tracers, and security and audit logs and how to search database, primarily in the area of conversion, special requirements for digital evidence collection & preservation for forensic investigation.</p> <p><u>Class Exercise:</u> Case study on gathering and presenting digital/ electronic evidence</p>	FREE TIME
	Break	Break	Break	Break	Break

<p>3:30 to 5:00</p>	<p><u>Financial Analysis</u></p> <p>Outline the financial analysis that should be undertaken such as ratio analysis & other analytical techniques.</p> <p><u>Class Exercise:</u> For a particular case study, analyze financial and nonfinancial information as a basis for gathering evidence, forming hypotheses, and testing hypotheses</p>	<p><u>Auditing Techniques</u></p> <p>An understanding of audit techniques and procedures for detecting fictitious transactions and events</p> <p><u>Class Exercise:</u> Apply audit techniques to detect false transactions and events, and identify possible forged documents that require additional expert analysis</p>	<p><u>Fraud Search Procedures (in Advance)</u></p> <p>or</p> <p><u>Fraud Investigation Methods (in Advance)</u></p> <p>Depends on the availability of speakers</p>	<p><u>Interviewing Techniques</u></p> <p>Understand the importance of interviewing, the different techniques & factors that impact effectiveness. (case studies)</p>	<p>FREE TIME</p>
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Workshop Learning Overview:

This workshop is suited to regulatory staff who have 5-10 years of regulatory experience and work within the accounting supervision and corporate finance departments. The program topics generally cover the areas of accounting and auditing inspection practices supported by case studies and examples. At a high level the program activities are divided into three distinct areas (1) how to use financial analysis as a tool for the purposes of selection and examination of accounts of listed companies (2) how to identify red flags and the investigation techniques used (3) following the identification of fraud, how to use forensic tools to extract and preserve data for use in the courts.

Workshop Learning Objectives:

- how to implement best practice corporate governance framework
- understand the role and responsibility of the external auditor
- How to use financial analysis to select the accounts of listed companies requiring analysis
- How to identify red flags and what are they
- What are the interviewing and investigation accounting techniques (papers to digital)
- Following the identification of fraud, how to extract and preserve the data for use in courts
- Understand the legal remedies available