

# Evaluating Your Organization's Fraud Risk Management Program

## Course Overview

This course provides a comprehensive approach to evaluating your organization's fraud risk management program. The IIA Standards require internal auditors to evaluate the role of risk management, including that related to fraud risks, in their organization. This course is designed to help you perform that evaluation. In addition to covering the concepts of fraud, the course integrates the roles of risk management, risk-based auditing, continuous auditing and monitoring.

The course is intended for auditors of all levels to provide an in-depth understanding of the terminology, approaches and requirements related to preventing and detecting fraud. The course would also be useful for risk management professionals, and any manager wanting to take a more active role in fraud prevention and detection in their organization.

The course utilizes widely-available reference materials from The Institute of Internal Auditors, the American Institute of Certified Public Accountants, and the Association of Certified Fraud Examiners.

## Training Objectives

- Provide an understanding of the IIA Standards related to fraud and risk management
- Clarify the terms related to risk management, risk assessment and risk-based auditing
- Learn the barriers to detecting fraud in routine audits
- Discuss role of continuous monitoring and continuous auditing in detection of fraud
- Practice the tools needed to perform an effective fraud risk assessment
- Begin an evaluation of your organization's Fraud Risk Management Program

## Course Outline

### **The Basic Concepts of Fraud Risk Management**

- The IIA Standards Related to Fraud
- Risk Management Concepts
- Relation to Risk-Based Internal Auditing
- Risk Terminology: Inherent, Residual, Control, Appetite
- Exercise: The Risk Umbrella
- Types of Fraud Defined by ACFE
- Why Employees Commit Fraud
- Risk Tools: The Risk Register, Risk Matrix and Risk Mapping

### **The Fraud Risk Management Program**

- Fraud Policy for the Organization
- Roles in Prevention, Detection and Investigation (PDI) of Fraud
- Links to Ethics and Values
- Reporting Results of the Fraud Risk Management Program
- Exercise: Documenting the Fraud Program

### **Performing a Fraud Risk Assessment**

- Entity-Level and Activity-Level Approaches
- Identifying Activities and Objectives
- Types of Controls
- The Indicators/Red Flags of Fraud
- The Role of Facilitated Self-Assessment Workshops
- Exercise: Typical Frauds and Their Symptoms

### **Continuous Monitoring and Auditing**

- Role of Management in Fraud Detection and Prevention
- Role of Auditors in Fraud Detection
- Automated Tools for Detecting Fraud
- ACL, CAATS, Benford's Law, and Digital Analysis
- Use of Surveys and Questionnaires
- The Challenges to Detecting Fraud in Routine Audits

### **Evaluating Your Organization's Program - Practice Session**

- Documenting the Program
- Evaluating Management's Efforts
- Performing a Fraud Risk Assessment
- Building Fraud Detection into Audits
- Reporting Fraud Risk Management Results

**Course Leader:**

Larry Hubbard is a professional trainer and consultant with a broad background in accounting, auditing, and finance. Prior to founding Larry Hubbard & Associates, Larry's work experience included Mobil Corporation and Ernst & Young.

**Course Methodology and Approach:**

The course is a combination of discussions and practical exercises. The course workbook is much more than a set of bullet points – the content of the workbook provides a resource for participants well after the course ends.

**Administration:**

No advance preparation or prerequisites are necessary for this course. The program level is basic. The delivery method is Group-Live and 14 CPE hours in the Auditing field of study are available.

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