



Training, Writing and Consulting in:
Fraud and Audit Failures
Leadership Skills and Strategies
Strategic Profitability Strategies

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All of Dennis Dycus' Classes Qualify for Government 'Yellowbook' Audit Credit

GAGAS – Revised 2003 Yellow Book or *Government Auditing Standards* –
One Day - Provides an overview of GAS and how they differ from GAAS

Internal Control: Documentation and Testing:

Definitions of Internal Controls; The Control Environment; Classification of Internal Controls; Documenting Controls; Control Standards; Responsibility For Controls; Pronouncements/Studies on Internal Control; Analyzing Control “Breaks”; Test of Controls; Reporting on Internal Accounting Controls – One Day



Internal Auditor's Tool Kit:

What Is Internal Auditing; Responsibilities of Internal Auditors; Starting the Internal Audit; Performing the Audit; Report-Writing – One Day

How to Audit a Local Government Efficiently and Profitably:

The Core Premise: Risk Based Audit Will Be Efficient and Effective; Audit Risk at the Financial Statement Level; Audit Risk at the Individual Account Balance or Class of Transactions Level; Miscellaneous Subjects; Implementation of the Efficient and Effective Audit Approach, Working Papers, Required Documentation, and Utilizing Procedures from other Audit Years in the Current Year; Auditing Expenditures and Related Liabilities; Auditing Cash and Investments and Other Financial Statement Areas; Auditing Receivables and Revenues; Compliance Auditing – One Day

Implementing SAS #99, *Consideration of Fraud In a Financial Statement Audit* – What does it change and what does it require the auditor to do that is different from the past? – One Day

Auditing For Fraud

Personal Attributes of A Fraud Auditor; Common Myths About Fraud; Reasons Auditors Fail to Detect Fraud; How Society Often Encourages Fraud; Procurement Fraud and Related Deterrents; Who Commits Fraud; How Does Management Participate In Fraud; Reactions By Our Profession and Congress; Detection of Fraud; The Five Step Approach To Fraud Detection; The Primary Goals in Developing A Fraud Case Once You Discover It; Examination Methodology; To Catch A Thief ... Think Like One; Detection of Fraud Takes Good Hard Work ... Such As; Profile of a Person Who Commits Fraud (Look In the Mirror); Hiring An Honest Employee (Or Does Management Really Care); Common Types of Fraud; Fraud Warning Signals (Red Flags); The Ten Commandments of Detecting Fraud – One Day

Interviewing and Interrogation – The Most Important Part of an Audit

Types of individuals you will deal with; Who Takes a Payoff or Embezzles; Who Steals and Why; Unsharable Needs; Other Participants; Body Language (Or, How to Read A Person Like A Book); Verbal Clues (Are You Really Listening?); Nonverbal Clues (Do You See What You See?); Precautions in Evaluating Deception; Interviewing/Interrogation Demeanor; Obstacles to Interviewing/Interrogation; Common Mistakes in Interviewing/Interrogation; More Thoughts on Interviewing as an Audit Step; Going From an Interview Into an Interrogation; Calibrating the Suspect; When to “Marandize”; The Process of Interrogation; Tactics to Change the Suspect’s Perception; Dealing With the Suspect’s Fear of Consequences; Addressing the Hopelessness of Continued Denials; The “What If” Questions; Other Interrogation Tactics; How To Ask A Question Without Asking A Question; Pointer For A Witness – One Day

NOTE: Auditing For Fraud and Interviewing and Interrogation are often combined and offered as a two day presentation

Fraud in the 21st Century

Day One: Today’s Computer Frauds

Introduction and Investigative Strategies

Intrusions

Videotape Screening: Fundamentals of Computer Fraud

Information Theft

Embezzlement by Computer

Day Two: Computers and Fraud Examinations

Internet Fraud Resources

Internet Resources and Public Information

Preserving Computer Evidence

Computer Evidence

Fraud Examinations – Day One

Introductions to Fraud Examination

Fraudulent Disbursements

Video Screening: Asset Misappropriations

Developing Audit Programs to Detect Fraud

Fraud Detection Software

Day Two

Conducting the Investigation

Document Collection and Analysis

Video Screening: Finding the Truth (Interviewing)

Interviewing Prospective Witnesses

Evaluating Deception/Admission Seeking Interviews

Additional Sections on Fraud – Mix and Match – Each Session is designed for 80 minutes:

Amendment No. 3 to *Government Auditing Standards*: Independence

The Comptroller General of the United States, Mr. David Walker, has undertaken an effort to vastly expand the definition of “independence” as previously defined by the standards. His release of Amendment #3 could not have been any more timely than if it had been planned. The revised standard was introduced at the same time the largest bankruptcy in American history was being declared by Enron, which was then shortly followed by disclosures of audit failures at World Com, Xerox, Tyco, Williams Cos., and the list goes on. This session discusses the ramifications and impact the broadening of the definition of auditor independence will have on both the auditor and the client, for it will affect both.

Introduction to Fraud Examinations:

Definition of Fraud; Elements of Fraud; Fraud Examination; Axioms of Fraud Examination; Auditing; Fraud Theory Approach; Forensic Accounting; How Auditing Works in the Fraud Environment; Examination Methodology; Steps in Fraud Examinations; Audits in Fraud Detection

How to Analyze Red Flags:

Introduction; Definition; Importance of Red Flags; Two Cautionary Notes; Cressey’s Hypothesis: The Fraud Triangle; General Red Flags; Red Flags in Cash/Accounts Receivable; Red Flags in Purchasing/Inventory; Analyzing Red Flags; Conclusion

Evaluating Internal Controls (presented in two sessions):

Introduction; What are Internal Controls?; Fraud Triangle Revisited; Vulnerabilities; Common Fraud Types

Sources of Information:

Introduction; In-House Sources; Public Information; Public Record Sources; Local or County Records; State Records; Newspapers, Journals, Periodicals and Professional Papers; Legal Concerns in Obtaining Public Records and Credit Information; Business Information and Credit Reports; Third-Party Proprietary; Information Not Available Through Commercial Databases or Not Considered to be in the “Public Domain”

Proving Intent and Knowledge in Fraud Cases:

Introduction; The Five Elements of Fraud; Circumstantial Evidence; Proving Intent Through the Use of Circumstantial Evidence; Tools to Prove Intent, Conclusion

Introduction to Interviewing Skills:

Objectives and Overview; Definition of Interview; Fraud Examination; Examination Methodology; Interviewing Methodology, Characteristics of a Good Interview; Characteristics of a Good Interviewer
Personality Styles and Interviewing; Preparation

Personality Styles and Interviewing:

Introduction; The Five Sensory Channels; Three Primary Sensory Channels; Directive Interview – Closed Questions; Non-Directive Interview – Open Questions; Primary Questions; Secondary Questions-Encourage Continued Answers; Questioning Sequences; Deception Clues

Informational Questions:

Definition of Informational Questions; Purpose; Theme development; methodology; Dealing with Resistance

Assessment Questions:

Purpose; Theme Development; Evaluate Behavior, Methodology; Conclusion

Closing Questions:

Purpose; Theme Development; Methodology

Evaluating Deception:

Physiology of Deception; Norming or Calibrating

Governmental Fraud Risk:

AICPA Auditing Standards; SAS 99, *Consideration of Fraud in a Financial Statement Audit*; Detecting Fraud During the Review and Evaluation of Internal Controls; Detecting Fraud During Internal Control Tests of Substantive Tests of Transactions; SAS 85, *Management Representations*

Fraud by Vendors and Contractors:

Elements of a Contract; Pre-Solicitation Phase; Solicitation and Negotiation Phase; Contract Performance and Administration Phase

Fraud by Program Recipients:

Introduction; False Claims Statutes, Typical False Claims and Statements; Detection; Beneficiary Fraud; Conflicts of Interests; Detection

Asset Misappropriation by Government Employees:

Introduction; Cash Fraud Schemes; Fictitious Disbursements; Inventory Fraud Schemes; Fixed Assets; Detection of Fraud

Fraud in Compliance Programs:

Introduction; Evidence; Types of Evidence; Interviews; Documents

Political Corruption:

Introduction; Methods of making Illegal Payments; Detection

Official Corruption:

Introduction; New Worth Analysis Method; Source and Application of Funds – Expenditures Method; Expenditures; Sources of Funds; Rebutting Defenses to the Comparative Net Worth Analysis

Identity Theft – A Fast, Safe, and Easy Crime

How It Happens; Why It Happens; The Long Lasting Consequences; How To Protect Yourself; What To Do If Your Identity Is Stolen (For it's not a question of IF, rather it's a question of WHEN)

Check Fraud:

It Could Happen To You; How It Is Done (We Make It Soooooo Easy); The Magnitude; How To Prevent It

Things Everyone Should Know About Fraud:

How Bad Is It (You Really Don't Want To Know); Who Is At Risk; Who Steals and Why; How to Prevent and/or Detect; Some Common Sense Solutions

Sources of Public Information and How to Obtain It

Where to look and what information you can find just by asking for it, and it's all free! In-House Sources; Public Sources; Local or County Records; State Records; Newspapers, Journals, Periodicals and Professional Papers; Legal Concerns in Obtaining Public Records and Credit Information; Business Information and Credit Reports; Third-Party Proprietary; Information Not Available Through Commercial Databases or Not Considered to be in the "Public Domain"

Asset Misappropriation Schemes

Introduction; Cash Schemes; Inventory and Other Assets Schemes; Detection

Corruption Schemes

Introduction; Elements of Corruption; Methods of Making Illegal Payments

Legal Elements of Fraud

Elements of Fraud; Proving Intent; Employee; Rights During the Investigation; Civil vs. Criminal Fraud; Elements of Corruption; Conflict of Interest; Breach of Fiduciary Duty; Extortion; Selected Criminal Statutes

Walkin', Talkin', Lookin', and Listenin' (or, Things Most Auditors Don't Do Very Well) Auditors must do much more than "Tick and Turn," following that work program (which is the same one we used last year). To often we ask the client questions and dutifully record their answer in our working papers without really asking our self, "Does the answer make sense"? We don't go out among the people and talk to them. After all, if a problem exists within an organization, who is the most likely to know about it? The employees! Look around. By observation, confirm (or disprove) some of management's assertions (after all, they will tell you what you want to hear)! This session illustrates the many things an auditor can accomplish by simply, "Walkin', Talkin', Looking, and Listenin', not to mention saving a great amount of time as a result of gathering information during the process.

Each of the above segments is designed for an 80, and in some cases 160 minute presentation. Five sessions equals 400 minutes or an eight-hour day of CPE. A video is often used as one segment to reinforce previous sessions. I have between fifteen to twenty professional videos designed to be substituted for an 80 session. Most videos focus on real events that illustrate points made in previous sessions. A few of the titles are: *Cooking the Books: What Every Accountant Should Know About Fraud; Making Crime Pay: How to Locate Hidden Assets; Red Flags of Fraud; Other People's Money: The Basics of Asset Misappropriation; Finding The Truth: Effective Techniques For Interview and Communication; How To Tell If Someone Is Lying; How to Detect and Prevent Financial Statement Fraud; The Fraud Trial (How to Testify); Fundamentals of Computer*

Fraud; Beyond the Numbers: Professional Interview Techniques; Bad Paper (Five Sections) Check Schemes, Forgery & I.D., Check Kiting, New Accounts Fraud Detection, and New Accounts Fraud Prevention, and so on.

Additional Topics:

Register & Billing Schemes

Payroll, Expense and Inventory Fraud

Corruption

Embezzlement by Computer

Information Theft

Internet Fraud Resources

Internet Resources & Public Information

Legal Elements of Internal Fraud

Internal Document Collection & Analysis

External Document Collection

Termination Employees

How To Testify As A Fact Witness

Evaluating Fraud Complaints

Preparing Fraud Examination Reports

Recognizing Fraud

Some of My Favorite Frauds

White Collar Crime From ABC to XYZ

Fraud By Vendors and Contractors

Fraud in Compliance Programs

Creating An Environment Hostile To Fraud

School Student Activity Fund and Cafeteria Fraud

Not For Profit Fraud

Fraud in Public Utilities



World-Class Government Auditing Expert

Dennis F. Dycus, CPA, CFE, CGFM

Mr. Dennis F. Dycus, CPA, CFE, CGFM, is the Director of the Division of Municipal Audit for the Office of the Comptroller of the Treasury, State of Tennessee. The Division is responsible for the annual audit of all municipalities, utility districts, school activity and cafeteria funds, housing authorities, certain not-for-profit organizations and other quasi-governmental entities in the State of Tennessee. In addition, the Division's staff conducts numerous audits for fraud, waste and abuse each year. From the beginning of his career with a national accounting firm, through the last 31 years of involvement with the audits of all forms of governmental entities, he brings a wealth of practical experience to his presentations. A graduate of Western Kentucky University, Mr. Dycus is a frequent guest speaker/lecturer for various college business/accounting classes, professional associations, local, state and national conferences and not-for-profit organizations. In 1996, the Eta Omicron Chapter of Bet Alpha Psi presented him with the *Distinguished Alumnus Award* in recognition of his support of the WKU Accounting Department where he presently serves as a member of the Accounting Advisory Council for the Gordon Ford College of Business. In addition, he was recently appointed to the Accounting Advisory Board at Middle Tennessee State University.



A 1986 graduate of the Tennessee Government Executive Institute, Mr. Dycus is an active member of the American Institute of Certified Public Accountants where he previously served on the Members in Government Committee, the Ad Hoc CPE Curriculum Task Force on Government and the National CPE Curriculum Subcommittee. He is also a member of the Tennessee Society of Certified Public Accountants, the Association of Government Accountants, where he previously served as chapter president; the Government Finance Officers Association, and the Association of Certified Fraud Examiners, where he also served as chapter president and is a former member of Association's Board of Regents as well as a member of their instructor faculty on a national basis.

For the last several years, Mr. Dycus has developed and/or conducted training programs in all fifty states, Puerto Rico, Guam, and Canada, for organizations such as the Association of

Certified Fraud Examiners; the American Institute of Certified Public Accountants; numerous state societies of certified public accountants; the Government Finance Officers Association; the Association of Government Accountants; the National Association of State Auditors, Comptrollers and Treasurers; Westcott Communications, Inc.; IBM; HCA; Saturn, Inc., the US Department of Labor; the General Accounting Office; the Internal Revenue Service; Bisk Education, Inc.; Nichols Education, Inc.; numerous state audit organizations, as well as individual professional firms. He is a frequent speaker at various professional conferences, both on a local and national level. In 1989 and again in 1997, he was the recipient of the AGA's, *National Education and Training Award* and was presented with an *Outstanding Discussion Leader Award* by the Florida Society of CPAs. In 1998 he was honored with the Association of Certified Fraud Examiner's, *Distinguished Achievement Award* for his meritorious service in the detection and deterrence of fraud and in 2001 was one of only three individuals to ever receive the designation as a *Fellow of the Association of Certified Fraud Examiners* in recognition for his contribution to expanding the Association's body of knowledge toward the detection of fraud.

In 2003 he was the recipient of the Tennessee Society of CPA's first ever, *Outstanding CPA in Government Award*. In addition, he has authored articles on auditing for fraud for national publications.