

Course Project

Financial Statement Fraud Analysis

Assumption

You are a Certified Fraud Examiner for the Company you have been assigned.

Assignment

Based on your analysis of the firm's financial statements and relevant supplementary information you can obtain about the firm and its operating environment, identify those areas in where you believe financial fraud may be occurring or has occurred. Identify problem areas, i.e. red flags and internal control weaknesses that require further analysis. Your presentation should be in the form of a written report and power point presentation with notes. You will be expected to present your results in class.

If Financial Fraud has been uncovered include in your analysis an assessment of the firm, industry, relationships with others, and management's strengths and weaknesses. Identify the motivation (pressures), opportunities (how fraud was committed) and any rationalization the perpetrators may have used.

Did the Fraud affect the Company's credit worthiness and investment potential?

Data

If possible, the time period for the analysis should include three full years plus interim statements (if necessary). In addition to the financial statements and other material, you should review relevant materials from outside sources such as newspapers, periodicals and investment resources.

Outline

The following outline is provided for guidance, but your analysis should be adjusted, as appropriate, to conform to the individual characteristics of your firm.

Suggested Outline

Financial Statement Fraud Presentation & Analysis

- I. Introduction
 - A. Objective
 - B. Summary of findings
- II. Firm, Industry, Relationship with Others, Management
 - A. Description of firm and its management
 - B. Discussion of competitive environment
 - C. Economic climate and outlook
 - D. Other factors, e.g. governmental regulations, labor relations, litigation
- III. Describe the Opportunity, Motivations (Pressures), and Rationalization used.
- III. What was the Fraud's impact on the Financial Statements?
 - A. Overview
 - B. Liquidity
 - C. Operating efficiency
 - D. Capital structure, long-term solvency
 - E. Profitability
 - F. Market measures
 - G. Financial statements, before and after
- IV. Your Summary of Red Flags and your Conclusions
 - A. Fraud assessment: could this Fraud have been identified earlier?
 - B. Your Summary and conclusions