

Index

Page references followed by *f* indicate an illustrated figure.

- Abuse
 - asset misappropriation, contrast, 206–207
 - expenses submission, 206
- Abusive purchase scenario, 218
- Access security databases, usage, 198
- Accounts, fraud brainstorming, 296–297
- Accounts payable
 - clerk, duplicate payment scheme, 170
 - fraud scenario example, 33
 - function, collusion, 170, 352
 - usage, FDA (impact), 237–238
 - vendor, collusion, 168–170
- Accounts receivable
 - analysis, usage, 324–326, 329
 - dormant credits, association, 327
 - false aging, FDA (impact), 332
 - falsification, 314
 - misstatement
 - documents data, identification, 315–318
 - fraud data analytics, usage, 311
- Accrued revenue
 - controller overstatement, 335
 - recordation, 320
- Action statement, 185–186
 - fraud, 30
 - services, performance (absence), 102
- Active vendor, identity
 - (assumption), 67
- Add-on charges, search, 167–168
- Add-on purchase order, 174
- Address field
 - example, 132*f*
 - fields, combination, 113
- Address information, 212
- Adjusting entries, change, 337
- Adjustments
 - pattern/frequency, 233
 - technique, 327
- Advertising expenses, controller reclassification (absence), 336
- After-the-fact analysis
 - permutations, 259
 - usage, 266
- After-the-fact approach, 259
- Aged documents, usage, 55
- Aggregate amount, 75
- Aggregate dollar value, 59
- Alpha descriptions, 75–76
 - absence, 76
- Alpha positions, 345
- Alpha string, applicability, 113
- Alpha transaction description, 69
- Amount
 - field, 75
 - patterns, 75
- Annual payroll summary table, 186
- Anomaly
 - general journal entry, scoring sheet
 - concept (usage), 339–341
 - pattern, transaction identification, 66
 - specific data, 103
 - types, 133
- Anomaly testing, 133, 141–142, 234
 - identification anomaly testing, 359
- Arrangement, evidence, 318

- Ascending/descending numbers, mixture, 70
- Asset misappropriation, 74
fraud data analytics, usage, 114–118
general ledger account number category, 76
real employee complicitness, 194
scenarios, occurrence, 206
scheme, 280
lapping, association, 326
management commitment, 280
secondary category, consideration levels, 20
- Assets
accounting policies, 297–310
controller overstatement, 292
fraud brainstorming, 296–297
identification, 180
overstatement, techniques, 296
theft
company credit card, usage, 117
concealment, 346–347
understatement, techniques, 296
write-off, 346
- Assumed entity shell company, 129
fraud data analytics, usage, 133–134
usage, 228
- Assumed identity employee, occurrence, 185
- Assumed identity, identification, 358
- Assumed identity shell company, 350
- Attendance reporting database, 186
- Attributes, usage, 340
- Audit
knowledge, 14
planning considerations,
documentation process, 124–125
- procedure
application, 4
design, 100f
- program, 349
- scope, strategy selection, 91
- software, knowledge, 14
- Authoritative sources, understanding (planning), 274
- Authorization avoidance, concept, 28
- Automated payments, total number (summarization), 188
- Bad debt scenarios, 241
hidden entity shell customer, usage, 228
- Bad debt write-off scenarios, 229
- Balance sheet
accounts, focus, 300–301
assets, identification, 180
- Bank account
absence, 190
number, fraud concealment example, 46f
- Banking industry (term loan inclusion), lapping (usage), 240–242
- Bank routing number, 141
- Bedford's law, 62
- Believability factor, 25
- Bid avoidance, 249, 252
analysis, 259
circumstantial evidence, usage, 255
fraud data analytics plan, 261–263
internal control avoidance strategy, 257
scheme, 260
search, fraud data analytics approach, 258
- Bid criteria, internal person creation, 251
- Bidding
levels, avoidance, 176–177
practice, 256
- Bid proposal scheme,
issuing/receipt/control, 260
- Bid rotation, 265
- Bid suppression, 265
- Birthdate, 212
- Bribery
fraud risk, 29
provisions, fraud scenario concept (application), 270–272
scenarios, 229, 244–245
- Bribes, 248
payment, 13
- Bribe tax (funding), cost inflation technique (determination), 255

- Budget owner
 action, 352
 collusion, 117
 purchasing circumvention, 172
 scenario, 101
 vendor, collusion, 176–177
- Business
 capacity test, 146
 opportunity risk, 277
 partner risk, 277
 questionable payment, direct payment, 279
 systems, commonalities, 27
 transaction, data availability, 68, 69
 unit, sales, 317
- Business purpose
 false description
 FDA basis, 273
 questionable payments, FDA basis, 283–284
 scenario, 218–219
- Cash conversion scenario, 222
- Cash-equivalent purchase scenario, 220
- Cash equivalent purchase scheme, occurrence, 208
- Cash receipts journal, credit origination, 325
- Cash receipts theft
 data/documents, identification, 229–231
 fraud data analytics, usage, 227
- Certainty, degree (concept), 100
- Certainty principle, 10–11
- Change transactions, importance, 121–122
- Channel stuffing, 313
 FDA, impact, 328–329
- Charitable organizations, disbursements, 279
- Circumvention fraud data analytics strategy, 176–177
- Classification identification systems, 64
- Close match, 51
- Code of conduct, 276
- Collectability, assurance, 318
- Commission code, absence, 324
- Commodity code, 216
 purchases, 212
- Common fraud scenario, 5, 27
- Common names, table (establishment), 167
- Company
 assets, management sale, 281
 company-specific anomalies, 340
 company-specific concept, 27
 company-specific fraud scenario, 5, 27
 corruption, 269
 credit cards
 charge, management creation, 281
 fraud data analytics, usage, 205
- data
 files, size, 95
 quality, improvement, 112
 files, merger (impact), 99
 funds
 diversion, 13
 FDA basis, 273
- internal controls, vulnerabilities (vendor exploitation), 165–168
- policies (compliance), FDA (impact), 274–275
- Compensation grade, 212
- Completeness test, 87
- Completion revenue recognition (percentage), fraud data analytics (usage), 331–332
- Compliance procedures, 276
- Concealment. *See Fraud concealment*
 higher sophistication, 210–211
 low sophistication, 210
 scheme, contrast, 209–211
- Conditions schemes, favored negotiations, 261
- Confidential reporting, 276
- Conflict of interest, 350
 process, 150
 scenarios, 223
- Conflict of interest company, defining, 131

- Conflict of interest entity
 analysis, 68
 pattern, 67
- Consolidating entries, impact, 337
- Construction (favoritism), real entity
 targeted statement, 252
- Consultant, internal budget owner
 (collusion), 151
- Consumption, company requirements
 (contrast), 180
- Content, style (fraud scenario contrast),
 34–36
- Continuous improvement, 276
- Contra amount, 75
- Contract
 award, 248
 execution, 248
 purchase/administration, internal
 source negotiation, 177–179
- Contra entry deduction scenario, FDA
 plan, 200
- Contra entry transaction, 63
- Control account, 294
- Control avoidance, 96
 internal control avoidance, 54–57
 strategy, 93
- Controllers
 asset overstatement, 292
 format, 289
 overstatement, 299
- Control number, 69, 77
 illogical range, 70
- Control number patterns
 data anomaly, identification, 71–72
 existence, 70–71
 listing, 70
 occurrence, 69–70
 red flag, identification, 71–72
- Conversion statement, 57
- Convolved journal entries, 346
- Corporations. *See* Shell corporations
- Corrupt act, intent, 248
- Corrupt influence, 248
- Corruption
 asset misappropriation, contrast, 206
 company corruption, 269
- defining, 248
 fraud approach, 253–254
 fraud audit approach, 254–255
 fraud data analytics, usage, 114–118,
 247
- general ledger account number
 category, 76
- procurement process, fraud data
 analytics (usage), 247
- project
 examples, 84–86, 90–91, 98–100
 scope concept, 83–84
- real employee complicitness, 194
- scenarios, 206
- schemes, 75, 118
- search, after-the-fact analysis (usage),
 266
- Cost of goods sold, expense (shift), 308
- Cost of sales, controller understatement,
 336
- Country risks, 277
- Cover, influence, 248
- Created company (shell company),
 impact, 350
- Created shell companies
 identification master file data,
 357–358
- internal control avoidance master file
 data, 358
- Creation date, 73, 190
- Credit cards
 expenditures, matching, 214
 information, human resources
 (linkage), 212
 purchases, file layout description,
 214–216
- Credit limit, 323
- Credit value, FDA usage, 338
- Cumulative principal, 11
- Currency conversion scenarios, 229,
 242–243
- Customer
 account, sales recordation, 317
 address/bank account (change),
 internal person (impact), 238
 credit scenarios, theft, 228, 236–238

- credits theft, assumed entity shell
 - customer (usage), 228
- documents, data elements (usage), 72
- invoice, traditional lapping scenario
 - (application), 239–240
- number, internal house account
 - (linkage), 326
- open credits (theft), accounts payable
 - (FDA impact), 237–238
- order date, 330
- order number, 325, 329
- order quantity, computation, 329
- pass-through schemes, occurrence, 281
- payments, 316
 - records, 230
- remittances, planning reports, 230–231
- sales records, 229–230
- sales representative, assignation, 323
- Data
 - addition, 112
 - dilemma, auditor decision, 121
 - entry, errors, 71
 - groups, creation, 65
 - identification, 112
 - primary/secondary tables, usage, 351
 - integrity, identification, 121
 - item
 - control number pattern, occurrence, 69–70
 - patterns, occurrence, 68
 - mining strategy
 - appropriateness, 309–310
 - selection, 82, 85–86
 - reports, understanding, 355–356
 - selection, primary/secondary tables (usage), 351
 - set
 - cleaning, 93–94, 103
 - error cleaning, 91
 - summarization, 112
 - feature, 295
- understanding, 82, 90–91, 293–295
 - real-world perspective, 14–15
- usage process, understanding, 112–113
- Data analytics
 - basis, 321–322
 - concealment strategy basis, 322
 - phase, false positives minimization (avoidance), 121
 - plan. *See Fraud data analytics plan.*
- Data anomaly, 53
 - identification/impact, 71–72
 - pattern, impact, 68
- Data availability, 68, 69, 82
 - basis, 91
 - cleaning, 93–94, 103
 - concept, 338–339
 - decisions 85–90
 - impact, 120–121
- Database
 - control number pattern, existence, 70–71
 - credit card expenditures, matching, 214
 - data, identification/addition, 112
 - pattern, existence, 68
- Data elements, 256
 - identification, 51–54
 - usage, 72
 - process, guidance, 73–77
- Data errors
 - identification, 91
 - impact, 88
 - presence, 89
- Data files
 - cleanup, 354–355
 - location, 186
 - request, 353
 - walk through testing, 354
- Data interpretation, 51, 96, 103, 211
 - challenge, 166–167
 - exclusion, basis, 59, 62
 - importance, 65
 - scenario, 59–62
 - selection, basis, 62

- Data interpretation (*Continued*)
 strategy, 57–62, 93, 156, 218
 usage, 257
 usage, guidelines, 57–59
- Data interrogation
 occurrence, 304–305, 323
 tests, 52
- Data interrogation routines
 building, guidelines, 67–68
 development process, 68, 73–77
 filtering concept, 118–119
 master file data basis, 356–359
 primary table basis, 359–360
 selection criteria, establishment, 91
 type, illustration, 279–280
- Data profile
 building. *See* Fraud data profile; Fraud scenario.
 circular view, 9f
- Data reliability, 82
 basis, 91
 cleaning, 93–94, 103
 concept, 338–339
 decisions, 86–90
 impact, 120–121
- Data usability, 82
 basis, 91
 cleaning, 93–94, 103
 concept, 338–339
 decisions, 86–90
- Date, creation, 142
- Date field, usage (examples), 74–75
- Date format numbers, 70
- Date patterns, 73
- Debit value, FDA usage, 338
- Delete transactions, importance, 121–122
- Delinquent payment history, absence, 319
- Delivery, occurrence, 318
- Department number, 190
- Department of Justice (DOJ)
 FCPA Review Procedure Releases and
 Opinion Procedure Release
 Summaries, 275
- Opinion Release 04–02, internal control attributes (FDA basis), 276–277
- Description field, 89
 alpha/numeric considerations, 75–76
- Direct access, 30
- Disaggregated analysis, 114
- Disbursement, 279–280
 fraud, FDA planning reports (usage), 153–154
 fraudulent disbursements, 149–152
 report, creation, 281
- Disciplinary measures, 276
- Discount amount, 69
- Discounts, bribery scenarios, 244–245
- Disguised compensation, occurrence, 185
- Disguised expenditures, 180–181
 fraud scenario, 216–217
 occurrence, 150
- Distributors, disbursements, 279–280
- Documents
 date, 73
 fraud data analytics, usage, 152–153
- Dollar amount
 maximum, 59
 minimum, 59
- Dollar levels, avoidance, 55
- Dormant credits, 237
 usage, 240
- Dormant customer
 accounts, FDA file (creation), 237–238
 real customer, equivalence, 323
 sales recordation, 317
- Dormant open purchase order, usage, 361
- Dormant vendor
 identity, assumption, 67
 impact, 99
- Duplicate amount, 75
- Duplicate information, 103
- Duplicate invoice, submission, 168–170
- Duplicate numbers, 70, 72
- Duplicate purchase scenario, 221

- Duplicate purchase scheme, occurrence, 208
- Duplicate test (testing), 140, 141, 338
- Earnings management, defining, 287
- Educated skepticism methodology, 342
- Electronic funds transfer (EFT), 3
- Emergency contact person, absence, 190
- Employee
- advances, writing off, 283
 - bonuses, payment, 283
 - classification systems, 187
 - collusion, 196
 - comparison, 222
 - database, 234
 - excessive hours, 197
 - filtering, 188
 - ghost employee, 189
 - hours worked, overstatement, 196
 - job function, 214
 - no-show employee, 194
 - overtime hours, cluster, 197
 - payroll employee, collusion, 196
 - purchases, 212
 - reactivation, 193
 - supervisor, collusion, 196
- Employer fraud, 186
- Employment status, 187
- Entity
- availability, 87–88
 - concept, absence, 335
 - external entity
 - internal collusion (absence), 78
 - false created employee, 102
 - false entity, 31, 290
 - hidden entity fraud scenario, 86
 - identified entities, transactional data file (linkage), 135
 - pass-through entities (search), limited range (usage), 72
 - pattern, focus, 66
 - permutations, understanding, 30–33
 - real entity, 290
 - impact, 31–32 - red flags, correlation, 10
 - reliability, 87–88
- structure, 30
- operation process, understanding, 158
- term, 30
- types, 289, 314
- data interrogation routines, building guidelines, 67–68
 - verification, 143–147
- Equipment sales, theft, 229, 243–244
- Equity
- accounting policies, 297–310
 - fraud brainstorming, 296–297
- Error
- defining, 286–287
 - fraud, contrast, 288
 - GAAS recognition, 118
 - scheme, 308
 - search, 308–309
- Estimation transactions, journal entry type, 337
- Even amount, 75
- Even number transaction, 62
- Event recordation, journal entry (usage), 291, 335
- Exact match, 51
- Excessive purchase scenario, 218
- Exclusion theory, 309
- data, usage, 113–114
 - usage, 91, 95–96, 104
- Expenditures
- comparison, creation, 356
 - summarization, 295
- Expenses
- accounting policies, 297–310
 - fraud brainstorming, 296–297
 - overstatement, techniques, 297
 - understatement, techniques, 297
- Expenses of interest, 275
- External entity
- internal collusion, absence, 78
 - internal source, collusion, 78–79
- External perpetrator
- high sophistication, relationship, 138
 - medium sophistication, relationship, 137

- External perpetrator (*Continued*)
 permutation, low sophistication
 (relationship), 137
- External suppliers (collusion), internal
 person involvement (absence),
 265–266
- False add-on charge
 inclusion, 167–168
 variation, 171–172
- False adjustment deduction scenarios,
 199
- False adjustment scenarios, 228,
 235–236
 FDA, impact, 236
- False adjustment scheme, occurrence,
 186
- False administration, 174–181
- False aging, FDA (impact), 332
- False bid document, creation, 260
- False billing, 150
 red flags, ranking, 155
 scenario, tendencies, 155
 schemes, FDA (usage), 154–158
- False created employee, 102
- False customer
 false revenue, 319
 accounts receivable analysis, usage,
 324–326
 FDA, impact, 324
- FDA, impact, 323–324
 scheme, 312
- False document scheme, 29
- False entity, 31, 290
 example, 78–79
 schemes, transaction numbers
 (association), 65
 transactional data, association
 (guidance), 77
- False invoice, 350
- False need scheme, establishment, 260
- False operating expense, 292
- False positives, 72
 defining, 7–9
 minimization, avoidance, 121
 resolution, plan, 82, 99–100
- False revenue, 319
 data profile, 321–322
 FDA, impact, 324
 fraud scenarios, fraud concealment
 strategies, 326–331
 recordation, 320
 scenarios, FDA (impact), 323–324
 scheme, 312
 weakness, 326
- False sales transactions, recording, 202
- False transactions
 application, absence, 335
 deduction scenario, FDA plan, 200
 recordation, 301
 subset, 301
- False vendor scenario, 209, 223–224
- Falsified records, usage, 282
- FATF. *See* Financial Action Task Force
- Favoritism, 252, 254
 after-the-fact approach, 259
 analysis, 259
 circumstantial evidence, usage, 255
 fraud data analytics approach, 259
 identification, 256
 strategy, usage, 257
 impact, 258–259
 search, fraud data analytics approach,
 258
- FCPA. *See* Foreign Corrupt Practices Act
- FDA. *See* Fraud data analytics
- Federal Acquisition Register (EAR), 254
- Federal identification, IRS verification,
 145
- Fictitious employee
 nonexistence, 189–191
 FDA plan, 189–191
 occurrence, 185
- Fictitious person, setup, 101
- File layout description, 214–216
- Filtering
 concept, 118–119
 techniques, 82, 97–98
 selection, 105
- Financial account
 focus, 299–300
 overstatement, 301

- understatement, 301–302
- understatement/overstatement, search, 300–302
- Financial Action Task Force (FATF), 194
- Financial reporting
 - fraud data analytics, usage, 114–118
 - general ledger account number category, 76
 - receiving report date, timing, 75
- Financial statements
 - assertions, inherent fraud scheme structure (impact), 293
 - data, understanding, 293–295
 - fraud data analytics plan, defining, 296–297
 - fraud data analytics search routine, design steps, 299
 - fraud scenarios
 - uncovering, 298
 - writing process, 335–336
 - transaction
 - location, 291, 335
 - recordation, 306
- Financial statements fraud
 - data analytics, 285
 - defining, 287–288
 - fraud scenario, components, 288–289
 - scenarios, 288–290
 - writing process, 289
- Fitness issue scheme, 24
- Footprint. *See* Perpetrators
- Foreign Corrupt Practices Act (FCPA), 269
 - enforcement actions, 276
 - literature review, 274–275
 - Procedures Opinions, 270
 - provisions, 273–274
 - violation, 19, 206
- Foreign nationals, country exit, 190
- Fraud
 - action, high-level description, 24
 - auditor
 - assumptions, 156–157
 - choices, 116
 - brainstorming, 296–297
 - conversion, 25
- data profile, building, 10
- data programming, time allocation, 121
- detection
 - audit procedure design, 100*f*
 - data analytics strategies, 41
- error, contrast, 288
- impact, 24
- knowledge, 14
- materiality, impact, 118–119
- perspective, data usage process (understanding), 112–113
- primary/secondary categories, 19–20
- scope, defining (processing), 19–21
- test, fraud auditor design process, 310
- testing procedure, 362
- Fraud action statements, 185–186, 228–229, 289
- creation
 - guidance, 290–293
 - permutation analysis, usage (concept), 291
- impact, 314–315
- linkage, 260–261
- requirement, 334
- transactional issue, relationship, 271
- when question, 336
- why question, 336
- Fraud audit
 - fraud data analytics, usage, 109
 - process, 111–114
 - objectives, 255
 - procedure, 125
 - usage, 143–147
 - scope, data mining strategy (selection), 85–86, 323
 - test, design, 82, 100–105
- Fraud auditing
 - defining, 4
 - scenario, defining, 4–6
 - purpose, 119
- Fraud auditing, fraud scenario approach (integration process), 110–111
- Fraud circle, 22–26
 - flowchart, 22*f*

- Fraud concealment, 25, 213
actions, 43
defining, 6
high sophistication, 44–47, 49
impact, understanding, 42–43
low sophistication, 43–44, 48
medium sophistication, 44, 48–49
scheme, 29
sophistication, 10
shell companies, impact, 136–138
tendencies, 45*f*
usage, process, 119–120
- Fraud concealment strategies, 46*f*
basis, 322
considerations, 307–308
GAAP compliance, illusion (creation), 307
illustrations, 306–307
search, fraud data analytics (usage), 305–308
usage, 326–331
- Fraud data analytics (FDA), 12, 174
assumptions, 10–11
axioms, 15–16
brainstorming, 235–236
defining, 2–9
financial account focus, 299–300
focus, 298
fraud action statement, linkage, 260–261
fraud scenario, linkage process, 36–38
impact, 196–198
methodology, 9–11
mistakes, 16
multi-tiered approach, 178
plan, 162, 164
planning reports, usage, 122–124, 153–154, 253
routines, building, 277–278
scenario, 290
scoring sheet, 136
search routine, design steps, 82, 91–97, 299, 322–323
selection criteria, usage, 96
skills, requirement, 14–15
specific identification, usage, 116
- strategies, 9, 51–54, 211
defining, 298
selection, 91, 93, 102–103
- test, building, 96
testing, selection basis, 11
usage, 154–158, 164–165
work papers, requirement, 125
- Fraud data analytics plan, 38, 261–263
approaches, 213–214
construction process, 81
data, requirement, 255–257
defining, 296–297
fraud concealment, impact (understanding), 42–43
fraud risk assessment, impact, 82, 84
fraud scenario, linkage, 12–14
payroll fraud scenarios, usage (example), 101–105
planning, 212–213
postponement, 89
requirement, 125
scope, 82–84
data mining strategy, appropriateness, 309–310
framework, creation, 272–273
- steps, 82
usage, 131–132, 263–267
- Fraud data profile, 96
building, 138–143
guidelines, 50
search, 298
- Fraud risk
assumption memo, 125
structure, 18, 18*f*
categories, 249–251
understanding, 171–173
- Fraud risk assessment, 125
impact, 82, 84
review, 351–353
- Fraud scenario, 9, 213
approach, 11–14
fraud auditing, integration process, 110–111
basis, 304–305
categories, 26–28

- components, 29–30
 - identification, 91, 101–102
- conflict of interest, entity
 - pattern, 67
- data profile, building, 49–51
- data, relationship/identification, 91, 93, 102
 - defining, 4–6
 - opposite, 28–29
- disguised expenditure fraud scenario, 216–217
- examples, 33–34
- flowchart, 36*f*, 124*f*
- fraud data analytics
 - linkage process, 36–38
 - plan, linkage, 12–14
- fraud data profile, linking, 10
- hidden entity fraud scenario, 86
- hiding, 305–308
- identification, 17, 92
- inherent schemes, 26
 - conversion process, 252
- links (location), data interrogation
 - routine (development), 73–77
- matrix, 39–40
 - vulnerabilities, 25–26
- mechanics, data analytics basis, 321–322
- patterns, linkage, 72
- real company, entity pattern, 67
- real entity, impact, 31–32
- recording process, 303–304, 322
- resell fraud scenario, purchase, 217–224
- scheme, occurrence, 24–25
- search, fraud data analytics (usage), 304
- selection, 58
- shell company, entity pattern, 66–67
- split purchase orders fraud scenario, 85–86
- statement, personnel involvement, 35
- style, content (contrast), 34–36
- supervisor fraud scenario, 221–222
- types, 5
- unauthorized access, 27–28
- uncovering, 298, 321
- writing, 29–30
- Fraudulent action statement, 30
- Fraudulent disbursements
 - data identification, 151–152
 - fraud data analytics, usage, 149
 - inherent fraud schemes, 149–151
- Fraudulent journal entries, historical red flag, 342–344
- Fraudulent transactions
 - location, success, 10
 - selection, odds (improvement), 3*f*, 47*f*
- Frequency analysis, 64–68
 - transaction analysis, association, 65
- Funds
 - deposit, 13
 - diversion, 33, 54
 - removal, FDA basis, 280–282
- Future price rebates (estimation)
 - controller understatement, 335
- General journal entry, 292
- off-period times, occurrence, 341
- General ledger, 289
 - account, 161
 - analysis ability, opinion date (correlation process), 302–303
- record keeping provision, questionable payments failure, 283
- General ledger account, 314
 - balance, disaggregated analysis, 341–342
 - disaggregated analysis, 304–305
 - historical red flags, 343–344
 - number, 69, 76–77
 - categories, 76
 - usage, 334
- Generally accepted accounting principles (GAAP), 19
 - application, mistake, 286–287
 - compliance, 297, 320–321
 - illusion, creation, 307
 - implication, 293, 297
 - focus, 315
 - misapplication, 311, 313–314, 319
 - perspective, 320

- Generally accepted accounting principles (GAAP) (*Continued*)
 requirements, understanding, 290, 334
 violation, 287
- Generally accepted accounting standards (GAAS), 82
 fraud risk factors, 314
 guidance, 299–300, 338
 knowledge, 285
 perspective, 298, 337
 provisions, 115
 requirements, 110, 292–293, 302
- Ghost employee, 189
 schemes, FDA (usage), 189–196
- Gift certificates, usage, 220
- Goods
 charging, 172
 customer payment, avoidance, 241
 purchase, 180–181
- Government entities, sales contracts (identification), 273
- Government identification number
 absence, 190
 discovery, 189–190
- Government-preferred supplier, 162
- Government registration
 date, 144
 number, 141
- Grade level/title, pattern, 76
- Gross payroll, 191
 false adjustments, FDA plan, 199
- Health insurance code, absence, 190
- Hidden company
 creation, 350
 identification, 358–359
- Hidden duplicate invoice number, occurrence, 169–170
- Hidden entity, 67
 fraud scenario, 86
 pass-through scheme operation, 163–164
 scheme, 129
 shell company, 129–130
- fraud data analytics, usage, 134–135
 usage, 228
- Hidden numbers, 70
- High sophistication
 external perpetrator, relationship, 138
 internal perpetrator, relationship, 137
- Hire date, 212
- Historical supplier
 new supplier, purchasing relationship change, 264–265
- Historical supplier, relationship (continuation), 263–264
- Homogeneous data files, creation, 104
 inclusion/exclusion theory, usage, 95–96
- Homogeneous data sets, 114
 creation, 180
 inclusion/exclusion theory, usage, 91
- Human resources
 credit card information, linkage, 212
 database, 186
 absence, 196
 employee, recording, 191
 payroll register, real person, 195
 error, 195
 files change, 186
- IDEA software,
 maximum/minimum/average report, 60f–61f
- Identification master file data, 357–358
- Identification report, creation, 360
- Identification strategy, 51–54, 93, 211
 examples, 53
 usage, 257
 guidelines, 53–54
- Identified entities, transactional data file (linkage), 135
- Identity
 permanent takeover, 192–193
 schemes, search assumption, 68
 takeover, 191–192
- Illogical product description, 76
- Illogical range, 70

- Illogical sequence, usage, 74
- Impact statement, 35, 57, 289, 334
 focus, 271
- Incentives, impact, 276
- Inclusion theory, 309
 data, usage, 113–114
 usage, 91, 95–96, 104
- Incomplete terms
 FDA, impact, 330
 schemes, recordation, 313
- Indirect access, 30
- Indirect influence, 248
- Industry-specific concept, 28
- Industry-specific fraud scenario, 5, 28
- Information technology (IT) knowledge, 14
- Inherent fraud schemes, 149–151, 184–187, 288–290
 revenue fraud scenarios, creation, 314–315
 structure, 207
 impact, 293
- Inherent scheme
 conversion process, 252
 structure, understanding, 21–22, 171–172
- Insurance, proof, 146
- Intelligence information, summary, 147
- Intentional duplicate payment, 171
- Interest, expenses, 275
- Internal budget owner
 consultant, collusion, 151
 internal collusion, assumption, 151
- Internal control avoidance, 51, 54, 103, 155–156, 211
 examples, 56
 master file data, 358
 report, creation, 360–361
 scenario, 56–57
 search process, automation, 112
 strategies, 55–56, 65
 focus, 65
 usage, guidelines, 56
- Internal control inhibitor, 28
 fraud scenario, 5
- Internal control procedure inhibitor,
 concept, 28
- Internal controls, 25, 125
 anomaly, identification, 51–54
 assessment, 12
 attributes, FDA basis, 276–277
 circumvention, 74
 red flag, 73–74
 vulnerabilities, vendor exploitation, 165–168
 vulnerability statement, 35–36
- Internal investigations, 276
- Internal perpetrator
 low sophistication, relationship, 136–137
 medium sophistication, relationship, 137
- Internal person
 benefit, 181
 change, 179
 corruption, 250
 generic statement (bid avoidance), 252
 goods purchase, 180–181
 impact, 238
 kickback acceptance, 241
 vendor, collusion, 171–173
- Internal Revenue Service (IRS), federal
 identification verification
 assistance, 145
- Internal sales invoices, creation, 315
- Internal selection process, 19
- Internal source
 external entity, collusion, 78–79
 vendor, collusion, 177–179
- Internet
 database/search engine usage, 145–146
 search companies, usage, 144
- Internet Protocol (IP) address
 information, 77
- Inventory
 controller overstatement, 302, 305, 307, 309
 movement, illusion (creation), 307
 overstatement, 299

- Inventory (*Continued*)**
- records, indication, 230
 - seasonal usage, 294
 - theft, resale, 229, 244
- Invoice amounts**, identification, 361
- Invoice date**, payment date (comparison), 361
- Invoice numbers**
- digits, addition/subtraction, 170
 - hidden duplicate invoice number, occurrence, 169–170
 - integers, transposition, 170
 - tendencies, 154, 160–161
- Invoices**
- add-on charge searches, 167–168
 - amount, 165–166
 - tendencies, 154, 160
 - date
 - tendencies, 154, 161
 - timing, 75
 - description
 - field, word searches (usage), 281–282
 - tendencies, 154–155, 161
 - file
 - change, 175–177
 - false administration, 174–181
 - fraudulent disbursement data, 151–152
 - identification, purchase order (absence), 356
 - illogical order, 156
 - layering, 156
 - quantity, 168
 - sales invoice number, 69
 - small-dollar invoices, submission, 166
 - submission, 165–166, 168
 - false add-on charge, inclusion, 167–168
 - unit price, 165–166
 - vendor invoice, 69, 72, 146
- Invoice splitting**, internal control avoidance report (creation), 360
- Item purchase**, timing (determination), 256
- Journal activity**, summarization, 295
- Journal entries**
- absence, 344
 - aggregate dollar value, 338
 - controller recordation, 335–336
 - convoluted journal entries, 346
 - description, 337
 - dollar value, stratification, 338
 - entity concept, absence, 335
 - fraud data analytics
 - strategies, 339
 - usage, 333
 - fraudulent journal entries, historical red flag, 342–344
 - language, understanding, 337
 - purpose, alpha description, 345
 - recordation, 334, 346
 - selection
 - approach, 337–339
 - fraud data analytics, usage, 339–347
 - stratification, 338
 - summarization, 295
 - testing
 - fraud scenario concept, application, 334–336
 - planning reports, usage, 338–339
 - timing, 344–345
 - types, 337
 - usage, 291, 303–304
- Keyword searches**, 214
- Kickback**, 209
- acceptance, 241
 - form, 213
 - payment, 160
 - receipt, 151, 183, 196
 - scheme, 101
- Knock-off scheme**, 24
- Lapping**, asset misappropriation scheme (association), 236
- Lapping scenarios**, 229, 239–240
- traditional lapping scenario, FDA (impact), 239–240
- Lapping**, usage, 240–242

- Legal existence, verification, 144
 Legal pass-through, 210
 scenario, 217–218
 scheme, occurrence, 208
 usage, 210
 Liabilities
 accounting policies, 297–310
 fraud brainstorming, 296–297
 Likelihood conundrum, 12
 Likelihood question, 123
 Limited use shell company, 130
 fraud data analytics, usage, 135
 Linkage factor, 11
 Loan officer, term (usage), 240
 Logging information, usage guidelines, 77
 Logical errors, identification, 91, 94–95, 103–104
 Low sophistication, 43–44
 external perpetrator permutation, relationship, 137
 internal perpetrator, relationship, 136–137
 Manual payments, total number, 188
 Manual payroll disbursements, 185
 FDA, impact, 200–201
 Manual payroll payments, FDA (impact), 201
 Manual transaction, 56
 analysis, 156
 importance, 121–122
 Manufacturer false label scheme, 24
 Market division, 265
 Master file. *See* Vendor
 Master file data, 102
 concealment level, identification, 350
 data availability/reliability/usability, 353–354
 guidance, 77
 identification anomaly testing, 359
 identification master file data, 357–358
 internal control avoidance master file data, 358
 interrogation routine basis, 356–359
 strategies, 66–67
 Matching concept, precision, 51
 Matching test, 140–142
 Medium sophistication, 46, 48–49
 external perpetrator, relationship, 137
 internal perpetrator, relationship, 137
 Merchant category code (MCC) codes, 215–216
 purchases, 212
 usefulness, 220
 Missing data analysis, 102
 Missing test (testing), 140, 141
 Misstatement, direction, 289, 314
 Name field, 138–139
 Net adjusting entries, 346
 Net payroll, 191
 false adjustments, FDA plan, 200
 New customers, creation, 317
 New supplier, purchasing relationship change, 264–265
 Nonactive customers, delinquent payment history, 319
 Non-complicit vendor, disguised expenditure scenario, 207
 Non-operating revenue
 FDA, impact, 331–332
 recognition, 313
 recordation, 320
 Nonresponsible bids, acceptance, 251
 Nonroutine transactions, journal entry type, 337
 No-show employee, 194
 Nuisance, identification, 153–154
 Number anomaly, 51, 96, 157–158, 211
 frequency, sufficiency, 65
 report, creation, 361
 Number anomaly strategy, 62–64
 scenario, 64
 usage, guidelines, 63
 Number transactions
 contra entry transaction, 63
 even number transaction, 62
 repeating number transaction, 62

- Numeric descriptions, 75–76, 161
 Numeric transaction description, 69
- Odd amount, 75
 OFAC list, 279
 Official act, party corruption (influence), 255
 Off-period analysis, usage, 74, 156
 Off-period overtime, 198
 Off-period test, 13
 Off-period transactions, 55
 Off-the-book bank account, funds (depositing), 13
 Off-the-book fraud scenario, 10
 One-time entity, 67
 One-time vendors, tagging, 135
 On-the-book conversion, 25
 Opinion date
 correlation, 322
 impact, 303
 Opportunity files, search, 179–181
 Order quantity, computation, 329
 Outlier
 identification, data summarization, 112
 pattern, focus, 66
 Overbilling, 150, 165–173
 occurrence, 171–172, 177–179
 techniques, opportunity files search, 179–181
 vendor overbilling scenario, 222–223
 Override transactions
 codes, usage, 56
 importance, 121–122
 Overstatement, 115
 Overt errors, data set (cleaning), 91
 Overtime fraud, 185
 FDA, impact, 196–198
 FDA plan, 197–198
 Overt influence, 248
- Pass-through billing, 150
 Pass-through customers
 fraud data analytics, 235
 fraud scenario, 233–235
 purchases, 234
 scenarios, 228
 FDA, impact, 234–235
 schemes, 227
 Pass-through customer scheme, traditional shell customer (usage), 228
 Pass-through entities
 external sales person, 159*f*
 internal person, 159*f*
 schemes, 158
 search, limited range (usage), 72
 Pass-through schemes
 description, versions, 159–173
 occurrence, 281
 operation, understanding, 158–173
 tendencies, 161–162
 Pass-through shell company operation, 68
 Pass-through stand-alone company, creation, 66
 Pattern frequency, data interpretation, 65
 Pattern recognition, 64–68
 Payment
 association, 278–279
 date, invoice date (comparison), 361
 fraudulent disbursement data, 151–152
 number/amount, 69
 process documents, 253
 speed, 156
 tolerances, 52
 PayPal, 208, 210, 217
 Payroll
 adjustments schemes, FDA (impact), 198–200
 calculation, understanding, 186–187
 checks, theft, 185
 employee, employee (collusion), 196
 frequency report, 188
 function, scenario, 101
 information, summary reports, 188
 inherent fraud schemes, 184–187
 manual payroll disbursements, FDA (impact), 200–201

- payments
 - summary report capture, 201
 - theft, FDA (impact), 202–203
- payroll-related expenditures, 185–186
- records, data, 102
- systems, 184
- Payroll fraud**
 - fraud data analytics, usage, 183
 - planning reports, usage, 188
 - scenario example, 34, 101–105
 - statements, 185
- Payroll register**
 - provisions, 191
 - real person, 195
- PEP.** *See* Politically exposed person
- Performance compensation, FDA (impact),** 202
- Performance criteria,** decrease, 202
- Permanent takeover, temporary takeover (contrast),** 32–33
- Permutation analysis,** 23–24
 - usage, 70
 - concept, 291
- Perpetrators, footprint**
 - high sophistication, 44–47
 - low sophistication, 43–44
 - medium sophistication, 44
- Perpetrators, predictability (impact),** 120
- Personal expenses,** 181
 - identification, 150
- Personal telephone number, absence,** 190
- Person committing,** 23, 288
- Persons, permutations,** 249
- Physical existence, verification,** 144–146
- Planning considerations, documentation process,** 124–125
- Planning reports,** 273–274, 316, 338–339
 - usage, 122–124, 188
- Politically exposed person (PEP),** 194
 - payments, 275
- Population (shrinkage), sophistication factor (usage),** 47–49
- Postal code field,** 140
- Posted theft transactions, reclassification,** 346
- Predictability factor,** 115
- Predictive analysis, form,** 66
- Pre-employment,** 193
- Preferential pricing, bribery scenarios,** 244–245
- Pre-qualification procedures,** 250
- Price fixing,** 19
- Primary table data, availability/reliability/usability,** 354
- Prime contractor, FDA (usage),** 164–173
- Prior enforcement actions, transactional issues usage (FDA basis),** 275–276
- Procurement**
 - bypassing, 177–179
 - card scenarios, FDA (impact), 216–224
 - fraud, FDA planning reports, 253
 - process
 - documents, 253
 - involvement, 171–173
- Procurement corruption**
 - documents/data, 253
 - fraud data analytics, usage, 247
 - internal person, impact, 250
- Procurement function**
 - corruption
 - fraud approach, 253–254
 - fraud data analytics, 258–259
 - inherent fraud schemes, 248–252
- Products**
 - illogical product description, 76
 - line, sales, 317
 - number, absence, 76
 - substitution scheme, 12–13
- Programming routines**
 - identification, 104
 - usage, 91, 97
- Project numbers,** 70
- Public mailbox service company, labeling method (identification),** 113
- Public records**
 - filings, 146
 - usage, 145
- Purchase journal,** 292
- Purchase order,** 248
 - absence, 356

- Purchase order (*Continued*)
 award, favoritism (impact), 258–259
 fraud data analytics plan, 263–267
 changes, 174
 comparison, 153
 data, basis, 256
 extension, 174
 false administration, 172
 fraudulent disbursement data,
 151–152
 identification, 173–174
 report, creation, 360
 illogical order, 156
- Purchase scenarios, 218
 cash-equivalent purchase scenario,
 220
 duplicate purchase scenario, 221
 travel-related purchase scenario,
 219–220
- Purchasing manager, bribe receipt
 (determination), 255
- Purchasing procedures, compliance,
 176–177
- Quantiles change, 266
- Quantity order amounts, differences, 325
- Questionable business purpose scheme,
 occurrence, 208
- Questionable payment
 book recordation, FDA basis, 278–280
 direct payment, 279
 failure, FDA basis, 283
 FDA basis, 273
 fraud action statement, 271
 funds removal, FDA basis, 280–282
 layering, 280–281
 occurrence, 270
 recordation, failure, 282
 search, fraud data analytics routines
 (building), 277–278
 techniques, 280–281
 true purpose (disguising), falsified
 records (usage), 282
- Random ascending/descending numbers,
 70
- Real business
 FDA plan, 164
 shell company action, 164
- Real companies
 business names, differences, 99
 defining, 131
 entity pattern, 67
 FDA approach, 163–164
 FDA plan, 162
 hidden entity, operation, 163–164
 multiple name operations, 68
 pass-through scheme
 composition, 158
 operation, 162
- Real customers
 dormant customer equivalence, 323
 false revenue, 319
 FDA, impact, 325–326
 FDA, impact, 324
 real revenue, 319
 schemes, 312, 313
 types, 228
- Real employee, complicitness, 185, 194
 absence, 191–193
 FDA plan, 192
- Real employee, direct deposit receipt, 195
- Real entity, 290
 generic statement (bid avoidance), 252
 impact, 31–32
 scenarios, 50
 targeted statement, 252
 transactional data, association
 (guidance), 78–79
- Real invoices, 350
 intentional duplicate items, 171
- Realization principal, 326
- Real operating expense, 292
- Real person
 payroll payments (receipt),
 management (impact), 271
 payroll register, 195
 temporary employee, 195
- Real revenue, recordation, 320
- Real supplier, overbilling, 52
- Real transaction, 290
 application, absence, 335

- Real vendor
 - addition, 67
 - real operating expense, 292
- Real vendor scenarios
 - complicity, 222–223
 - vendor complicity, 209
 - vendor noncomplicity, 207–208
- Rebates (occurrence), sales
 - adjustments/accounts payable (impact), 328–329
- Receipt
 - fraudulent disbursement data, 151–152
 - integrity, internal person corruption, 250
- Receiving report date, timing, 75
- Reclassifications, occurrence, 55
- Reclassifying entries, transaction transfer, 337
- Recognition revenue schemes, 313
- Recognition schemes, FDA (impact), 328
- Reconciliation reports, 353
- Record count
 - basis, 65
 - establishment guidelines, 65
- Record creator, ID, 142
- Recordkeeping provision, focus, 271
- Record keeping provision, questionable payments failure (FDA basis), 283
- Record keeping provisions, strategy, 282
- Recordkeeping requirements, violation process, 270
- Records, aggregate number, 59
- Recurring amount, 75
- Recurring invoice amounts, identification, 361
- Red flags
 - close match, 51
 - defining, 6–7
 - exact match, 51
 - examination, 50
 - identification/impact, 71–72
 - identifying, process, 10
 - internal control circumvention, 73–74
 - matching concept, precision, 51
- ranking, 155
- related match, 51
- Reference checking, 147
- Related match, 51
- Reliability test, 88
- Remittance number, 69
- Repeating number transaction, 62
- Report design, modification, 317
- Resellers, disbursements, 279–280
- Resell fraud scenario, purchase, 217–222
- Resell fraud scheme, purchase, 208
- Retirement code, absence, 190
- Retrospective analysis (favoritism)
 - real entity targeted statement, 252
 - retrospective analysis, 252
- Return scenarios, 228, 235–236
 - FDA, impact, 236
- Returns, technique, 327
- Revenue
 - accounting policies, 297–310
 - defining, 320–321
 - accounts, fraud scenario (uncovering), 321
 - creation, 313
 - data, understanding, 316–318
 - fraud brainstorming, 318–323
 - fraud data analytics plan, defining, 318
 - overstatement, techniques, 320
 - scenarios, 229
- Revenue fraud
 - brainstorming, 296–297
 - scenarios, creation, 314–315
- Revenue misstatement
 - documents, data identification, 315–318
 - fraud data analytics, usage, 311
 - GAAP, misapplication, 313
- Revenue recognition
 - fraud, defining, 312
 - GAAP, application problem, 314
 - impact statement, 315
 - inherent fraud risk schemes, 312–314
- Revenue theft, 117
 - data/documents, identification, 229–231

- Revenue theft (*Continued*)
 fraud data analytics, usages, 227
 inherent scheme, 228–229
 planning reports, 230–231
 sales transaction, recording, 231–233
- Reversal entries, reversal design, 337
- Reversals, occurrence, 55
- Risk assessment, 276
- Round invoice amounts, identification,
 361
- Routine transactions, journal entry type,
 337
- Sale of goods, 311
- Sales adjustment
 hiding, 327
 rebate, equivalence, 329
- Sales bonuses, occurrence, 185
- Sales commissions, inflation, 185
- Sales contracts, identification, 273
- Sales invoice
 fraud data analytics, usage, 235
 number, 69
 unit price, comparison, 328
- Sales journal, debit origination, 325
- Sales order, 315
 number, 69
 anomalies, 324
- Sales paid in currency, theft, 229,
 242–243
- Sales recordation, 317
- Sales representative
 assignation, 323
 number, assignation
 (absence), 325
- Sales transaction
 commission code, absence, 324
 recording, 231–233
- Sample selection, 105
 basis, 82
 criteria, importance, 125, 362
 process (refinement), filtering
 techniques (usage), 97–98
- Sampling strategy
 change transactions, importance,
 121–122
- delete transactions, importance,
 121–122
- fraud concealment, impact (process),
 119–120
- fraud materiality, impact, 118–119
- manual transactions, importance,
 121–122
- override transactions, importance,
 121–122
- perpetrators, predictability (impact),
 120
- void transactions, importance,
 121–122
- SAS. *See* Statement of Auditing Standard
- Scheme, concealment (contrast),
 209–211
- Scoring sheet concept, usage, 339–341
- Scrap income, theft, 229, 243–244
- Scrap sales, 281
- Search process, one-dimensionality, 10
- Search technique, 281–282
- Sector risks, 277
- Selection criteria
 identification, 97
 usage, 96, 104
- Selection process
 basis, 98–99
 example, 38
- Senior management, commitment, 276
- Senior manager, vendor (collusion),
 176–177
- Sequential number, 70
- Service
 charging, 172
 customer purchase, avoidance, 241
 records, indication, 230
 rendering, 318
 transaction, alpha description, 76
- Sham sales, FDA (impact), 329
- Sham sales transactions, occurrence,
 313
- Shell companies
 accounts payable setup, management
 (impact), 271
 assumed entity shell company, 129
 bank routing number, 141

- categories, 128
country/city/state, 140
customer operations, 142
data mining audit program, 349
date, creation, 142
defining, 130–131
email address, 141–142
employee operations, 143
entity pattern, 66–67
false billing schemes
 FDA, usage, 154–158
 internal control avoidance, 155–156
fraud data analytics, 127
 plan, 131–132
fraud data profile, building, 138–143
fraud scenarios, relationship, 351
government registration number, 141
hidden entity shell company, 129–130
high sophistication, impact, 137–138
homogenous categories, 228
identification, 117
intelligence information, summary, 147
internal person creation, 159–160
limited use shell company, 130
low sophistication, impact, 136–137
medium sophistication, impact, 137
name, 138–139
one-time use, 130
pass-through schemes, 158–173
 composition, 158
pass-through shell company operation, 68
postal code, 140
profile information, 138–142
project, background, 349
record creator ID, 142
sales representative setup, 352–353
sophistication, impact, 136–138
street address, 139–140
telephone number, 140
temporary use, 130
terms, definition, 349–351
time, creation, 142
traditional shell company, 128
- Shell corporations
 business capacity test, 146
 entity verification, 143–147
 identification, fraud audit procedures (usage), 143–147
 legal existence, verification, 144
 physical existence, verification, 144–146
 reference checking, 147
Shipping address, differences, 326
Shipping concealment strategies, variation, 327
Shipping data, 330
Shipping documents, examination, 146
Shipping process, occurrence, 315
Shipping records, indication, 230
Site visit, 145
Small-dollar entries, theft
 layering, 347
Small-dollar invoices, 177
 submission, 166
Small-dollar purchase orders, 84
Small-dollar purchases, circumvention, 177
Small-dollar transactions, 306
Society, changes, 72
Soft sale
 FDA, impact, 329–330
 recordation, 313
Sophistication
 factor, usage, 47–49
 levels, 44–47
Source journal, usage, 290, 303–304
Specification scheme, structuring, 261
Split purchase orders fraud scenario, 85–86
Stand-alone company, 66
Statement of Auditing Standard (SAS)
 no. 99, auditor requirement, 333
 no. 106, 293
Street address field, 139–140
Style, content (fraud scenario contrast), 34–36
Subcontractor, FDA (usage), 164–173
Supervisor
 employee, collusion, 196

- Supervisor (*Continued*)
 fraud scenario, 221–222
 occurrence, 208
- Suppliers
 documents, data elements (usage), 72
 external suppliers (collusion), internal person involvement (absence), 265–266
 false selection, occurrence, 261
 historical supplier, relationship (continuation), 263–264
 invoice data, basis, 256
 line item fulfillment, inability, 266
 scheme, false evaluation (occurrence), 261
- System codes, usage, 55
- System generated date, 73
- Tangible good descriptions, alpha/numeric descriptions (inclusion), 76
- Tangible items
 identification, 180
 resell value, 180
- Targeted expenditures
 approach, 259
 fraud data analytics plan, 266–267
 fraud scenario, inherent scheme (conversion process), 252
 identification approach, 257
- Targeted purchases, 213–214
- Telephone number field, 140
- Telephone verification, 144–145
- Temporary companies, identification, 359
- Temporary employee, 195
- Temporary entity, 67
- Temporary takeover, permanent takeover (contrast), 32–33
- Termination date, 73, 212
- Term loans, lapping (usage), 240–242
- Terms
 bribery scenarios, 244–245
 negotiation, internal person allowance, 251
 schemes, favored negotiation, 261
- Theft, layering, 347
- Theft of sales paid in currency, 242–243
- Theft scheme, committing (intent), 180–181
- Third-party due diligence/payments, 276
- Time, creation, 142
- Time record file, data, 102
- Time reporting database, 186
- Top-sided transactions, journal entry type, 337
- Total acquisition, split, 211
- Trade association, 144
- Traditional lapping scenario, FDA (impact), 239–240
- Traditional shell company, 128
 usage, 228
- Transactional analysis, guidelines, 298
- Transactional data
 concealment level, identification, 351
 example, 78–79
 false entity, association (guidance), 77
 file, identified entities (linkage), 135
 identification strategy, focus, 52–53
 real entity, association (guidance), 78–79
- Transactional red flags, 50
- Transactions
 alpha description, 69
 amount, 69
 analysis
 fraud data analytics, usage, 235
 frequency analysis, association, 65
 availability, 88–89
 change transaction, importance, 121–122
 data errors, presence, 89
 data file, strategies, 68–79
 data, guidance, 77
 date, 73, 77
 delete transactions, importance, 121–122
 exclusion, 121
 FDA basis, 273
 identification, 112
 anomaly pattern, 66
 illogical sequence, usage, 74

- illogical order, 55
- location, 291, 335
- manual transaction, 56
 - importance, 121–122
- numbers, 210
 - false entity schemes, association, 65
- numeric description, 69
- override transactions
 - codes, usage, 56
 - importance, 121–122
- pattern, predictive analysis form, 66
- population, shrinkage, 112
- recordation, 304–305
 - process, 306
 - source journal, usage, 290
 - timing, determination, 306
- red flags, correlation, 10
- reliability, 88–89
- reversal, 306
- risk, 277
- speed, test, 73
- time, 77
- type, 24, 30
- void transactions, importance, 121–122
- volume, 166–167
- Transfers, occurrence, 55
- Travel payments, management (impact), 271
- Travel-related purchase scenario, 219–220
- Travel-related purchase scheme, occurrence, 208
- Trial balance, 294
- UK Bribery Act, 269
 - Guidance on Internal Controls, 272
 - internal control guidance, FDA basis, 276–277
- Unauthorized fraud scenario, 5
- Undisclosed return policy
 - FDA, impact, 330
 - scheme, recordation, 313
- Unit price changes, 266
- Unqualified entity scheme, identification, 261
- Unresponsive bids, usage, 265
- Upfront fees, 313
 - FDA, impact, 330–331
- Usability analysis, 89
- Vendor
 - accounts payable, collusion, 168–170
 - bid rigging, 176
 - budget owner, collusion, 176–177
 - change, 179
 - absence, 179
 - complicity, 209, 222–223
 - country code, purchases, 213
 - duplicate invoice, submission, 168–170
 - examination, 222
 - expenditures, summarization, 295
 - false vendor scenario, 209, 223–224
 - file, matching, 103
 - identification, 282
 - ID number, purchases, 213
 - internal person, collusion, 171–173
 - internal source, collusion, 177–179
 - master, comparison, 3329
 - noncomplicity, 207–208
 - number
 - invoice splitting, internal control avoidance report (creation), 360
 - summarization, 167
 - usage, 156
 - overbilling, 24
 - scenario, 222–223
 - paper check/electronic payments, occurrence, 153
 - procedures, weakness (impact), 99
 - real vendor scenarios, vendor
 - noncomplicity, 207–208
 - rebates/refunds, 281
 - retail sites, usage, 211
 - search, 113
 - senior manager, collusion, 176–177
 - usage, 156
 - Vendor invoice
 - amount, 69

- Vendor invoice (*Continued*)
line items, 168
number
 duplicate date/line item, 170
 sequential pattern, 72
structuring, 155–156
summary, 153
usage, 146
- Vendor master file
 duplicate address search, 113
 street address, matching, 113
 testing, 153
- Voids, occurrence, 55
- Void transactions, importance, 121–122
- Voluntary deductions, absence, 191
- Voluntary government tax withholdings,
 absence, 191
- When question, 336
- Who question, 184
- Why approach, 345–346
- Why question, 336
- Word searches, usage, 281–282
- Workforce, real employee departure,
 195
- Work papers, requirement, 125
- World Customs Organization, 216
- Write-off
 journal entry, absence, 286
 timing, concealment 308