



Armanino<sup>LLP</sup> Welcomes You To Today's Webinar:  
**Fraud: What Every Manufacturing Company  
Needs to Guard Against**

The presentation will begin in a few moments

*Participants will receive an email within 3 business days with access to their certificate of completion.*

## To qualify for California CE, you must:



- Use a personal computer (no PDAs) and log in with your own information and unique URL
- Be logged into our online software for at least 50 consecutive minutes within the scheduled time frame of the webinar
- Actively respond to at least 75% of the polling questions
- Complete evaluation survey at the end of the webinar

Based on the California Code of Regulations, Board of Accountancy Requirements

Armanino is **not** an NASBA certified provider

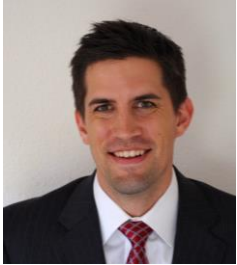
# About the Presenters



## **Jeff Stegner, CPA-ABV, CFE, Partner, Practice Leader Forensic and Valuation Services Group**

- Over 24 years of experience in public accounting; last 15 years focused on valuation and litigation services
- Joined Armanino in 1994
- Valuation Certification
- Certified Fraud Examiner

# About the Presenters



## **Mike Boulton, CPA, CFE, Audit Manager**

- Joined Armanino in 2006
- Certified Public Accountant
- Certified Fraud Examiner
- Member of the AICPA, CalCPA, and ACFE



## During today's webinar, participants will:

- Discuss instances of fraud relevant to manufacturing companies
- Identify key risk areas for fraudulent activities
- Recognize the early warning signs of fraud
- Apply best practices in your organization to fraud



# Presentation Overview



## Case Studies

- High Tech Networks, Inc.
- Distributor Company
- Telecom Vendor
- ABC Manufacturing





High Tech Networks, Inc.

Case Study

# Background



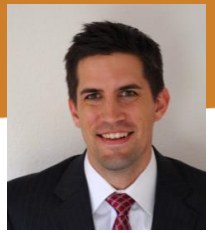
- Accounting Manager & CFO from previous company
- Accounting Manager retained a check signature stamp
- Irregular disbursements discovered during audit







- Increased audit testing
- Accounting Manager was paying personal expenses
  - \$600,000 in total
- Fraud Examination



- Segregation of duties is crucial
- Safeguarding methods of automated signatures
- Annual external audits





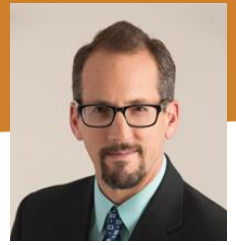
## Distributor Company

Case Study

# Background



- Racing & Motorcycle Accessory Retailer
- Seasonal sales cycle
- High receivable balance noticed by partner



- Focused investigation on revenue cycle
- Multiple accounts with fraudulent activity and misappropriation of company assets



# Conclusion



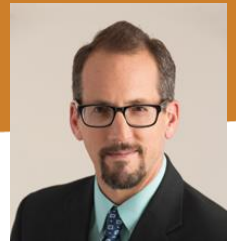
- Proper segregation of duties to mitigate and deter fraud

- Outsourced accounting solutions
- Internal control audits



Telecom Vendor

Case Study

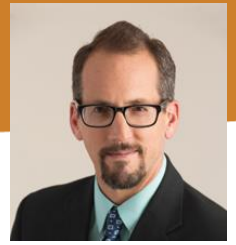


- Telecom Manager – Ordering and Procurement
- Eliminated all but one vendor
- Disgruntled vendor calls with complaint





# Outcome



- Fraudulent address information
- Warehouse investigation
- Bank account tracing
- \$650 thousand skimmed from the company

# Conclusion



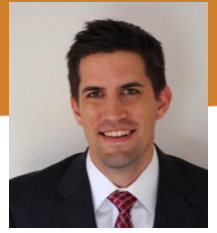
- Yearly vendor audits
- Separation of duties – payment process
- Tip-offs can provide valuable information





# ABC Manufacturing

Case Study



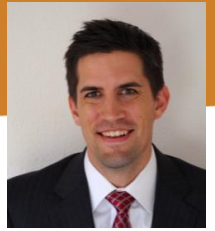
- Faithful long-time bookkeeper
- Low management oversight on position
- Red flag behaviors



- Failure to answer accounting related questions
- Unauthorized Credit Card Transactions
- Over \$400,000 stolen



# Conclusion



- Segregation of duties
  - Mandatory vacations
  - Custody of original statements
- Monitoring corporate credit card use
- Analyzing employee behavior





## During this webinar, we've covered:

- Methods that fraudsters use to perpetrate fraudulent activities
- Key internal control processes to implement to safeguard assets





# What Questions Do You Have?

**Submit Your Questions Now!**





**Armanino<sup>LLP</sup> Certified Public Accountants & Consultants**

**Jeff Stegner**

phone: 925.790.2692    email: [Jeff.Stegner@amllp.com](mailto:Jeff.Stegner@amllp.com)

**Michael Boulton**

phone: 408.200.6458    email: [Mike.Boulton@amllp.com](mailto:Mike.Boulton@amllp.com)

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