

# Preface

People commit fraud. Therefore, corporations, not-for-profit organizations, business systems, personal computers, and cell phones do not. This distinction is simple, but an important one to note. Fraud investigation from the accounting perspective naturally arose from the investigative tenets of auditing. Unfortunately, auditing standards, although requesting that auditors look for fraud, do not provide a way to adapt the existing audit tools to detect fraud. After spending more than thirty years performing diversified auditing and forensic accounting, I have developed a fraud audit theory, the principles of which will assist auditors in what traditionally has been one of their most nebulous responsibilities.

My theory includes the steps of a proactive approach in responding to fraud risk. Using a framework familiar to all auditors, the theory recognizes and categorizes the multitude of fraud schemes. The application of my fraud theory provides the necessary steps needed to, not only detect fraud specific to a situation, but that are indicative of the preventive actions to be taken.

The theory addresses the perpetrator's role in committing the fraudulent act. The auditor is not required to think like a perpetrator of fraud, a useless act, but to be as creative and intuitive in their response to fraud, as the perpetrator is in their pursuit of carrying out a fraudulent act. The difference between right and wrong is simple; however, people complicate the difference, by what they choose to desire. Hopefully, this book will help the profession understand the important consequences of wrongdoing with regards to fraud, thereby, making the auditor better equipped to detect fraud, and, lastly, to confer an understanding of the detrimental consequences of fraud, not only to the individual making the choice to commit fraud, but to society as a whole.

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