

The Enron Scandal

Course Description

Enron's bankruptcy represented the collapse of the seventh largest company in the U.S. with over \$100 billion in gross revenue. The name Enron has become synonymous with lies, greed, and corruption. Senior executives engaged in wide-ranging deceptive accounting practices to defraud the investing public by materially inflating the company's earnings and hiding debt. The downfall of Enron is a complex story. This course is divided into three sections. Chapter 1 discusses how the company grew from humble beginnings to become a leading energy trader and supplier. Chapter 2 identifies key players and a series of events that eventually led to the bankruptcy of the company. It explains the fraudulent scheme involving widespread abuse of GAAP such as fair value accounting and off-balance sheet financings. It also analyzes warning signs that started showing up in the financial statements. Chapter 3 discusses the role of corporate culture, corporate governance, and Arthur Andersen in Enron's collapse. It examines the comprehensive reform of business financial practices and changes made to accounting, auditing, and the SEC rule.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

Field of Study: Auditing - Fraud

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

After studying this course, you will be able to:

1. Recognize Enron's nature of business and operations
2. Identify the application of fair value accounting
3. Recognize the consolidation rules and requirements
4. Identify the various ways that Enron violated GAAP (e.g., fair value accounting, consolidation)
5. Recognize the warning signs of Enron's financial reporting fraud
6. Identify factors that led to Enron's bankruptcy
7. Recognize the role of Enron Board in the company's collapse
8. Cite the effect that the Enron scandal had on business financial practice.