BUSINESS RISK MANAGEMENT LTD

Fraud Risk Management
On-line 2 days

Why you should attend

- Fraud is an ever present threat to every business but is one which is rarely managed effectively.
- Many organisations rely on internal controls to prevent and detect fraud. This is unwise. The fraudster invariably knows your controls well and how to bypass them.
- Complacency, poorly applied procedures and the fast pace of change are the fraudster's main allies
- Add to this the ever-increasing reliance on technology, and it is no great surprise that fraud is escalating both in frequency and magnitude – in all industry sectors and all economies.
- During the current economic difficulties across the world, fraud poses an even greater threat.
- This course will help you significantly enhance your approach in all these key areas

Who should attend?

- Members of fraud teams who need to learn more about targeting internal and external fraud
- Newly appointed fraud specialists
- Auditors and other assurance providers who need to learn about the most modern approaches to fraud prevention
- Internal auditors in organisations without a dedicated fraud team, as they are having to take a much more significant role in fraud risk management
- Managers needing a broader understanding of how to prevent and manage fraud risk

Course Level

- This is an intermediary level course
- Delegates should have a good educational standard (and/or a professional qualification or be in the process of studying for such qualifications
- No advance preparation is required
- Delivery method – On-line interactive (with exercises and case studies to provide practical application of the tools and techniques)

After completing this course you will be able to

- Evaluate the wide range of fraud risks
- Think like a fraudster – the only way to spot frauds
- Apply successful techniques to help prevent fraud
- Promote an effective fraud prevention process
- Appreciate the fraud indicators
- Spot when someone is not telling you the truth
- Monitor the legal compliance with anti-fraud legislation

CPE credits

- Participants will earn 10 CPE credits (in the regulatory ethics field of study

Course Outline

Day 1 – The fraud risks

Background

- Fraud explained: definitions
- Fraud statistics
- Why is fraud such a serious issue?
- ACFE 2020 fraud survey results
- The cost of fraud
- Who commits fraud?
- Profile of a fraudster
- Trends and statistics regarding detected fraud
- Why fraud is probably being perpetrated now in your organisation.
- Action taken against fraudsters

Evaluating the fraud risks

- E & Y 13th global fraud risk survey results
- Fraud risk management process
- Managing the business risk of fraud (IIA, CPA, CFE paper)
- Building a picture of the major fraud risks
- Fraud risk matrix
- Fraud scenarios
- Fraud risk register example
- Fraud risk questionnaire
- Generic risk factors
- Design of controls to prevent fraud

Exercise 1 - Identifying the main fraud risks in your organisation

Procurement fraud

- Tendering and bidding fraud
- 25 issues to look out for
  - Sole source supply
  - Contracts awarded where the evaluation score was not the best
  - Unusual trends in the approval process
  - Minimum number of tenders not received
  - One supplier always wins
  - Lowest bid regularly not accepted
  - Winning bids just lower
  - Only one supplier meets the conditions
  - Only one successful bid
  - Tender documentation 'lost'
  - Excluding cheaper bidders
  - Complaints from bidders and other parties
  - Multiple contracts just below procurement thresholds
  - Seemingly inflated agent fees
  - Suspicious bidders
- Supplier and outsourcing fraud
- Procurement and inventory fraud risks
- A procurement fraud checklist will be provided
- Case histories

Exercise 2- Fraud in procurement

The IT fraud risks

- Computer fraud paper
- Computer fraud prevention
- E-Commerce – the key fraud risks and steps to take to mitigate them
- Internet and Intranet – the fraud risks
- Preventing internet fraud paper
- IT security – how to evaluate effectiveness and influence change
- Adoption and enforcement of information security standards
- Segregation of duties - the dangers and the practical solutions
- How to detect IT fraud

Exercise 4 - IT fraud risks

Identity fraud

- Identity fraud – the fastest growing fraud risk
- Identity fraud – fraud advisory panel paper
- Identity fraud examples
- How to protect your business

Exercise 4 – Identity fraud

The risk of Corruption

- Corruption causes
- Corruption indicators

- Fraud red flags
- Procurement fraud risks
- The issues to look for
- Bid rigging – the issues to look for

Exercise 5 - Identifying corruption indicators

Day 2 – Developing a fraud prevention process

Fraud mitigation

- How to evaluate fraud risk mitigation
- Why controls may not protect you
- Putting yourself in the mind of the fraudster
- Examination of typical controls in place to mitigate the risks
- Risk exposures
- Identifying the vulnerable areas.

Exercise 6 - Understanding how fraudsters think

Fraud indicators (Red flags)

- 100 fraud indicators
- How to spot the danger signals
- Fraud indicators –fraud advisory panel paper
- Behaviours
- Results/trends
- Documentation
- Goods, services and assets
- Corruption
- Cash and payments
- People
- Computer fraud
- Developing a toolkit for identifying possible frauds
- A fraud toolkit will be provided

Exercise 7 - The fraud indicators

Implementing a best practice fraud prevention process

- CIMA fraud risk management guidance
- Introducing effective anti-fraud policies
- Creating a fraud consciousness loop
- Development of a fraud awareness training programme
- Communicating standards of expected behaviour /ethics
- The need for strong and consistent action when fraud is suspected.
- Electronic data and asset protection
- Fraud response plans paper
- Anti- money laundering – issues and requirements

- Money laundering paper in the pack
- The relationship between fraud, risk and control
- The roles, responsibilities and liabilities of auditors, management, specialists and others

Exercise 8 - Developing a fraud awareness training programme

Aiming for a cost-effective balance between prevention and detection

- Use of management check-lists
- The need to be able to think like a fraudster – to be able to prevent it
- Company policy on consequences of committing fraud
- Facilitation of whistle blowing
- Whistle blowing policy
- Pros and cons of external hot-lines
- Use of specialists to aid detection and investigation
- Preparing and implementing fraud contingency plans
- How to ensure fraud investigation is always given top priority
- Use of successful fraud investigation as a moral deterrent
- Managing the external coverage of proven fraud

Exercise 9 - Fraudulent documents

The legal aspects

- The need to stay within the law
- The legal implications
- When to bring the lawyers in
- How to protect your work from disclosure – legal privilege
- How to ensure that evidence is admissible
- Search and seizure orders
- Civil V Criminal action
- UK Bribery Act and the worldwide implications
- Gifts and hospitality guidance
- How to recover stolen assets – making sure the criminal does not profit
- How to handle disciplinary proceedings
- Employers and employees rights

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