



Fraud prevention, detection and investigation 2 days

Course Overview

- How would you know if fraud was occurring in your organisation?
- Does your organisation have a fraud prevention strategy?
- Do you have a formal programme to tackle the risk posed by fraud?
- Do you have the use of any automated fraud detection techniques?
- If fraud is suspected do you have a clearly defined approach for managing the investigation?
- This course will help you significantly enhance your approach in all these key areas

Who should attend?

- Managers who need to learn about the most modern approaches to fraud prevention and detection
- Newly appointed fraud specialists
- Auditors who need to learn about the most modern approaches to fraud prevention and detection
- Members of fraud teams who need to learn more about targeting fraud

After completing this course you will be able to:-

- Evaluate and challenge management's 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
- Adopt data mining as a fraud prevention and detection tool
- Apply an effective fraud investigation process
- Apply audit skills to fraud investigation
- Spot when someone is not telling you the truth

Course Level

- This is an intermediary level course and delegates should have 12 months experience in Internal Audit (or other assurance roles)
- 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-live (with exercises and case studies to provide practical application of the tools and techniques)

CPE credits

- Participants will earn 12 CPE credits (6 in the regulatory ethics of study and 6 in the management field of study)

Course Outline

Day 1 - Understanding the Risks and Evaluating the Controls

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.
- 15 fraud case histories and the lessons to learn
- Action taken against fraudsters

Exercise 1: Profile of a fraudster

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
- Procurement fraud
- IT fraud risks
- Identity fraud
- Corruption
- Fraud risk matrix
- Fraud scenarios
- Fraud risk register example
- Fraud risk questionnaire
- Generic risk factors
- Design of controls to prevent fraud

Exercise 2 - Identifying the main fraud risks in your organisation

Fraud mitigation

- How to evaluate fraud risk mitigation
- Why traditional 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 3: Evaluating the effectiveness of fraud mitigation

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 4 - The fraud indicators

Implementing a best practice fraud prevention process

- 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
- The relationship between fraud, risk and control
- The roles, responsibilities and liabilities of auditors, management, specialists and others
- The need to be able to think like a fraudster
- Company policy on consequences of committing fraud
- Facilitation of whistle blowing
- Pros and cons of external hot-lines
- Preparing and implementing fraud contingency plans

Exercise 5: Developing a fraud awareness programme

Day 2 – Fraud detection and investigation

Data analytics and fraud detection

- **Fraud profiling – how to target the right systems**
- **Static and dynamic profiling**
- **Risk scoring**
- **Fraud Risk prioritisation**
- **How to get the information you need**
- **The use of Internal databases**
- **Demonstration of External databases**
- **Benfords Law**
- **Data Validation**
- **Automated fraud detection**
- **Example of a working model**
- **How to put the techniques into use in your organisation.**
- **Audit software – the tools available**
- **Practical uses of data mining and the results achievable**

Exercise 6: Fraud detection techniques

What to do when you suspect fraud

- **How to react when fraud is suspected**
- **How to decide who needs to be told**

Exercise 7: Typical fraud scenario – the anonymous letter

- **How to respond to anonymous letters**
- **Identifying misleading and malicious allegations**
- **How to deal with tips obtained from hotlines**
- **How to decide if you need outside help**

Managing the investigation

- **The need for thorough planning**
- **Determining the objectives of the investigation**
- **Who should be involved – what skills do you need?**
- **Determining roles of security and Internal audit**
- **How to keep the investigation low-profile**
- **Research – what information can lawfully be obtained**
- **What information is available and can be used**
- **Forensic evidence and how to obtain it**
- **Collating information and maintaining the chain of evidence**
- **Covert monitoring of employees – new legislation**
- **Knowing when to suspend or dismiss employees**

Exercise 8: Sources of information

Interviewing suspects and witnesses

- **Setting the scene – choice of venue etc.**
- **Do you know your legal authority for conducting interviews?**
- **Can you use deception in interviews?**
- **How do you avoid breaching the employees' rights under law?**
- **47 tips for fraud interviews**
- **Planning the interview – do's and don'ts**
- **Fraud interview – the 10 steps**
- **How to keep in control**
- **How to tell if someone is lying**

Exercise 9 - Spotting the liar

- **The use of open questions**
- **Interpreting body language**
- **How to recognise when someone is lying**
- **Recording and evaluating the conversation**
- **How to avoid accusatory or threatening questions**
- **The need to think like a fraudster**

Exercise 10 - The fraud interview (role play)