



## **Fraud Risk Management Bloom Asia Feb 17-18 2022**

### **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
- Understand the fraud indicators
- Achieve a cost-effective balance between prevention and detection
- Adopt data mining as a fraud prevention and detection tool
- Ensure there is an effective process when fraud is suspected

## CPE credits

- Participants will earn 9 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 2021 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

#### Exercise 1 – Fraud characteristics

#### Evaluating the fraud risks

- Global fraud risk survey results
- Fraud risk management process
- Managing the business risk of fraud
- 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 2 - Identifying the main fraud risks

## **Case histories**

- 15 fraud case histories and the lessons to learn
- Case studies
- Bank paying in slips
- BCCI fraud
- Barings Bank
- Enron

## **The IT fraud risks**

- 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
- Identity Fraud
- Corruption – the most difficult frauds to deal with
- How to detect IT fraud

### **Exercise 3 - IT fraud risks**

## **The risk of Corruption**

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

## **Cyber fraud risks**

- Statistics about cybersecurity crime
- Profiles of the Attackers
- Anatomy of a Breach
- How to prevent Cyber Incidents
- Network Controls (Internal and External)
- Domain and Password Controls
- Access rights and User Awareness
- Application Security
- Secure Software Development environment
- Data Controls
- Encryption
- Vulnerability Management

### **Exercise 4– What steps can you take to prevent cyber attacks**

## 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 5 - Understanding how fraudsters think - the A and B challenge

## Day 2 – Dealing with the fraud risks

### 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 6 – 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 7 - 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**
- **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 8 - Moonshot**

## **Use of Data Analytics**

- **GTAG 13 Fraud prevention and detection in the automated world**
- **Fraud Risk prioritisation**
- **How to get the information you need**
- **The use of Internal and external databases**
- **Determining tests and comparisons you can undertake to target the areas of risk in your organisation**
- **Fuzzy Matching**
- **The power of Benford's Law as a fraud predictor**
- **Practical uses of data mining and the results achievable**

### **Exercise 9 - Determining tests and comparisons you can undertake to target the areas of risk in your organisation**

## **What to do when you suspect fraud**

- **How to react when fraud is suspected**
- **How to decide who needs to be told**
- **How to respond to anonymous letters**
- **Identifying misleading and malicious allegations**
- **How to deal with tips obtained from hotlines etc.**
- **How to decide if you need outside help**

### **Exercise 10 – Determining a plan of action**