



Fraud prevention, detection and investigation

On-line course

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 Outline

Day 1 - Understanding the Risks and Evaluating the Controls

Background

- Fraud explained: definitions
- Fraud statistics
- Why is fraud such a serious issue?
- ACFE annual 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

- Global fraud risk survey results
- Fraud risk management process
- Managing the business risk of fraud
- 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
- The importance of 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)

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