

The Fraud Detective

Identifying the Risks and **Red Flags** of Fraud and Corruption in banking

A training course for internal auditors and supervisors
in European Central Banks

Slovenia 25th and 26th February 2016

Septia Academy in cooperation with CEIB

(with Nigel Krishna Iyer)

Fraud & corruption is one of the most significant challenges facing organisations and governments. The Financial and Banking Sector is no exception. For years banks have been affected from fraud, both from the outside and from within. Mountains of new regulation, legislation combined with a relentless CSR impetus may have made some impact, but at the same time scandals and frauds still occur. We are closely watched by the media, who are more than happy to expose examples of unethical behaviour. Top management, who have plenty of things to worry about (for instance market expectations) often find themselves in a defensive position.

But why let it come as a shock? We could learn how to find it. To do this we need the capabilities and confidence to identify the risks and find the red flags long BEFORE any concrete suspicion exists and be able to deal with corruption and fraud before it gets out of control.

Through this two-day workshop we aim to reflect on the status quo and explore how we can not only build a strong defence, but take the offensive against fraud and corruption. We will explore:

- How fraud affects Central Banks and how an effective fraud risk assessment can be conducted
- How to raise the awareness of the effects and costs of fraud, corruption and other unethical business behaviour in central banks and the financial and investment sector in general
- How can Central Bank Internal Auditors and Supervisors contribute to implementing proactive fraud detection strategies

The course will be highly practical using realistic data, documents which relate of course to human behaviour. It will incorporate original drama on film and case studies based on real experiences.

PROPOSED AGENDA

Time	Session
Day 1	
09.00 – 09.30	Registration and welcome
09.30 – 11.00	Deconstructing and Demystifying Fraud and Corruption <ul style="list-style-type: none"> • Who does it • What is it • Where • Why, and • How much <p>plus</p> Fraud Detection “Warm up exercises” – can you spot the red flags?
11.00 – 11.15	Break
11.15 – 12.30	Understanding and identifying the risks related to central banks <p>Developing your own fraud risk profile (by learning to “think like a thief”)</p>
12.30 – 13.30	Lunch
13.30 – 14.45	Finding the Footprint of Fraudulent Transactions <ul style="list-style-type: none"> • Why we need to look for the red flags • What is a footprint and what does it look like • Where to look for fraud and corruption • Case exercises
14.45 – 15.00	Break
15.00 – 15.30	Finding the Footprint of Fraudulent Transactions (cont.)
15.30 - 16.30	Is finding fraud good news or bad news for management? <ul style="list-style-type: none"> • What are the positive arguments for finding fraud early? • Analysis of dramatic situations and discussions • Dealing with senior management • Summary of Day 1 and expectations for Day 2
16.30	Close of Day 1

Day 2	
09.00	Morning coffee and networking
09.30 – 11.00	Analyzing payment data and documents to find the red flags – an introduction <ul style="list-style-type: none"> • Getting started • Which are the tests which work best • Practice (with data) and case exercises • Preparation of presentations to management
11.00	Break
11.15 – 12.30	Interpretation of results, investigation techniques, tools and investigation strategy <ul style="list-style-type: none"> • How to interpret the red flags • What further desktop investigation techniques can be employed • Investigation strategy - when to investigate – how to do it and how not to do it • What tools can we use
12.30 – 13.30	Lunch
13.30 – 14.45	Management presentations and feedback
14.45 – 15.00	Break
15.00 – 16.00	Raising awareness The role of the central bank in raising awareness
16.00 – 16.30	Closing discussions, summary and reflections

Nigel Krishna Iyer

Nigel is a partner in the Hibis Group (which incorporates the Septa Academy). He has over 20 years' experience investigating and detecting fraud and corruption. Originally a computer scientist and qualified chartered accountant Nigel soon found that his true passion lay in rooting out corruption and fraud. Nigel also today a qualified dramatist and has written a number of films and plays based on experiences, many of which are used in teaching worldwide. He has written several books and papers, and teaches widely how to defend their organisations against the "commercial dark arts". In addition he is a fellow of the University of Leicester School of Management.