

THE INSTITUTE OF INTERNAL AUDITORS

Recent experiences and trends in undertaking investigations for Internal Audit

RAQUEL GREIVE

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FRAUD AND CORRUPTION

Presentation overview

- Investigation trends and fraud risk themes
- Fraud risk management framework
 - Fraud and corruption risk assessments



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Investigation trends and fraud risk themes



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Investigation trends and fraud risk themes

- Corruption
- Procurement breaches
- Theft and misappropriation of materials
- Misappropriation of non-cash assets
- Recruitment and pre-employment screening
- False overtime and reimbursement claims
- Misuse of company vehicles and credit cards



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Fraud risk management framework

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Fraud risk management framework

- Aims to prevent, detect and respond to fraud
- Elements of this framework include:
 1. A Fraud and Corruption Control Plan
 2. A fraud and corruption risk assessment
 3. Conducting fraud and corruption awareness and response training
 4. Organisation wide formal investigation procedures and centralised oversight
 5. Provide a means to report suspicious or unethical behaviour.

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Fraud risk management framework cont.

1. A Fraud and Corruption Control Plan:

- Prevention:
 - Culture, awareness training, risk assessments, internal audit, internal controls
- Detection:
 - Reporting, data mining, post transactional reviews
- Response:
 - Investigation procedures, internal controls review, crisis management

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Fraud risk management framework

2. Conduct fraud and corruption risk assessments:
 - Identify, analyse and evaluate fraud and corruption risks:
 - Across the organisation
 - At business level
 - Challenges existing processes
 - Informs the design of internal controls and internal audit activity
 - Preliminary assessment of risks:
 - Workshops
 - Review investigations and procurement activity

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Fraud risk management framework cont.

2. Conduct fraud and corruption risk assessments cont.:

- Detailed analysis:
 - Interview business functions to identify controls
 - Review internal audit reports
- Assess the consequences to your organisation if the risk occurred
- Assess the likelihood of the event occurring
- Risk rating
- Internal Audit road map

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Fraud risk management framework cont.

3. Conducting fraud and corruption awareness and response training
4. Develop organisation wide formal investigation procedures and centralised oversight
5. Provide a means to report suspicious or unethical behaviour.