

Date: 12th & 13th December 2009

Venue: Hyatt Regency Mumbai

Workshop Leader: Mr. Chetan Dalal & Mr. K.K Mookhey

# Fraud Prevention and Risk Management



Empowering and Strengthening Financial Institutions with an Effective Internal Oversight Framework to address large value frauds



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### Program Overview

The recent circular sent out by the Reserve bank of India dated 16<sup>th</sup> September 2009 (See page 3) to all the banks on the need to train staff who are involved in investigating frauds mainly in the retail front and also managing Fraud Risk Management practices in banks. The recent surge in the number of frauds and the amounts involved in these frauds has prompted the Reserve bank of India to set out an agenda for banks to immediately address the growing concern. As we are aware that some of these frauds are thought to leave no paper trail yet can destroy the credibility of the bank. Those perpetrated with sophistications may leave traces of evidence that are detected by forensic investigations, and many are committed because of inadequate awareness on the best prevention technologies to stop the harm. The specially designed 2 day workshop uses real life situations and examples from Banks. It will teach how each fraud works and how to detect each one. The training focuses on audit techniques, fraud detection techniques, accounting and law, practically auditing and investigation of frauds, collection of evidence/documentation which can stand the test of legal scrutiny and write succinct, factual reports.

The course is power-packed with case studies designed to give participants a clear idea of large value frauds and how investigative techniques can be deployed to nail the fraudsters and determine the extent and exact nature of the fraud. The course has been designed by two of the leading experts in this field – Mr. Chetan Dalal who brings unparalleled expertise in the domain of financial fraud investigation and Mr. K. K. Mookhey who is one of the leading computer forensic experts.

#### Suggested Course Duration

2 Days

#### Level

Intermediate

### Programme Objectives

- Purpose of Investigation
- How to Detect Large Value Frauds
- Evidence Collection Techniques
- Forensic Auditing Techniques
- Computer-based Forensics
- Evidence Presentation
- Legal Implications
- Report Writing and Articulation
- Accurate Reporting of Frauds

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### Some of the key points addressed in the Reserve Banks of India's circular dated 16<sup>th</sup> September 2009

6. From the operational point of view, banks may take certain measures as detailed below in order to ensure effective quick investigation, monitoring and follow up of frauds:

- i. The above operating unit should own specialized fraud monitoring, investigation and follow up function for large value frauds or frauds which occur across the bank. The function will have to be, therefore, discharged in a centralized manner instead of leaving it to the Regional Office where such specialization may not be available.
- ii. Fraud investigation requires competence in 'forensic audit' and also technical / transactional expertise. In this regard, banks may take immediate steps to identify staff with proper aptitude and provide necessary training to them in forensic audit so that only such skilled staff are deployed for investigation of large value frauds.
- iii. The banks may build up a data / information pool of large value frauds and analyse them periodically which may act as knowledge repository for policy responses.
- iv. Detection of serious irregularities with systemic and system-wide implications, as also post facto "Fraud Investigation", gathering of information / data / evidences and creation of credible records that are useful for internal management action or legal prosecution against the 'wrong doers' require typical skills. The skills range from expertise in analysis of transaction through audit trail to competence in "forensic audit" supported by specialization in IT based data abstraction, data filtering and data sanitization. While banks may have certain manpower with such skills / competence / expertise, their systematic and organized utilization to detect serious irregularities and frauds has apparently not been ensured in many banks. In some banks, the above skills / competence / expertise are scarce or nearly absent. In view of the increasing incidence of frauds in banks, it is necessary that the banks set up dedicated and well organized "Special Surveillance and Investigation Function", which would, on continuous basis, exercise surveillance over potentially fraud prone areas and investigate into large value frauds with the help of skilled manpower for internal punitive action against the staff and external legal prosecution of the fraudsters and their abettors.

Extracts taken from the RBI circular dated 16<sup>th</sup> September 2009

### Who Should Attend:

CEO

CFO

COO

CIO

Chief Internal Auditors

Heads of Internal Audit

Chief Security Officers

Heads of Risk Management

Heads of Legal Department

Heads of Regulatory Affairs

Heads of Legal/Compliance

In-house Legal Counsels

Accountants/Internal and/or External auditors

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### Profile of Trainers

#### Mr. Chetan D. Dalal, 49

1. **FCA:** Fellow Chartered Accountant- (The Institute of Chartered Accountants of India (ICAI)),
2. **CFE:** Certified Fraud Examiner (Association of Fraud Examiners, -USA) First CFE in Mumbai and one out of a total of about 20 in India.
3. **CIA:** Certified Internal Auditor (Institute of Internal Auditors-USA)
4. **CISA:** Certified Information and Systems Auditor (Information Systems Audit and Control Association -USA)

Specialisation in Internal Audit, Fraud Detection and Investigations Presently an investigation specialist operating from Mumbai, India. Served on the Board of the India Chapter of the Association of Certified Fraud Examiners during 2000-2004. Served in the past as a member of the Managing Committee of the India Merchants Chamber Banking Finance and Insurance Committee, and was also on the editorial board of the UK based magazine- Inside Fraud.

Also provides Training for Fraud Detection and Investigation. Conducted workshops for the Institute of Chartered Accountants of India and Bombay Chartered Accountants Society.

### Training, presentations and research Papers, Articles and contributions by Chetan Dalal (Articles on audit, audit tools and frauds)

#### Training in Forensic Accounting and Fraud Investigation

- Khimji Ramdas Muscat
- Marcus Evans Mumbai
- Workshops for ICAI, BCAS

#### International presentations

- Las Vegas- 2008 for the WVU
- Chicago for the IIA
- Abu Dhabi 2004 for the ICAI
- Dubai, Muscat, Abudhabi for the respective chapters in 2004, 2007

#### Research papers released outside India

1. IT Audit Forum: USA: A global publication for internal auditors ([www.itaudit.org](http://www.itaudit.org))
- Inside Fraud Fraud bulletin published from London, Geneva and New York.
2. Accountants ledger Canada : A global publication for accountants
3. Inside Fraud UK- UK based periodical on frauds and white collar crime
4. Internal auditing UK: A UK based journal for internal auditors
5. The white paper Journal of the US Association of Fraud Examiners
6. Fraud Newsletter London-UK (Management Audit school)

#### In India:

1. Business India: A corporate world information magazine, Monthly column entitled Accountancy, but articles on fraud
2. Bombay Chartered Accountants Society Journal, BCAS, A prestigious publication of the chartered accountants of Bombay, widely respected all over the country.

Monthly column for articles on Standard Auditing Practices Articles contributed on invitation:

3. The Chartered Accountant, Journal of the Institute of Chartered Accountants of India (ICAI) Article on Trojan Horse Frauds
4. The Newsletter (WIRC of the ICAI) Article on Inventory Frauds
5. Internal Audit Communiqué, A journal of the Institute of Internal Auditors, India Articles on Frauds
6. Economic Times, A daily economic and financial newspaper Article on White collar crime

### K. K. Mookhey – Principal Consultant

Kanwal K. Mookhey (CISA, CISSP, CISM) is the Director – IT Services at CDIMS. He is an internationally well-regarded expert in the field of IT governance, information risk management, forensic fraud investigations, compliance, and business continuity. He has more than a decade of experience in this field, having worked with prestigious clients such as the The Indian Navy, United Nations, Abu Dhabi & Dubai Stock Exchanges, State Bank of India, Atos Origin, Saudi Telecom, World Customs Organization, Capgemini, Royal & Sun Alliance, and many others. His skills and know-how encompass risk management, compliance, business continuity, application security, computer forensics, and penetration testing. He is well-versed with international standards such as COBIT, ISO 27001, PCI DSS, BS 25999, and ITIL / ISO 20000. He is the author of two books (Linux Security And Controls by ISACA, and Metasploit Framework, by Syngress Publishing), and of numerous articles on information security. He has also presented at conferences such as OWASP, Blackhat, Interop, IT Underground and others.

#### Certifications

- Certified Information Systems Security Professional (CISSP)
- Certified Information Systems Auditor (CISA)
- Certified Information Security Manager (CISM)
- BS 7799 Lead Implementor from BSI

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### Areas of Expertise

- IT Governance, Risk Management & Compliance
- Penetration Testing
- Fraud Investigations
- Digital Forensics & Cyber Laws
- Compliance
- Security Architecture
- Business Continuity and Disaster Recovery
- Security Evangelism
- Telecom and BFSI Security

### Technical Skills

- Cryptography
- TCP/IP Security
- Telecom Security
- Application Security & Secure Coding
- Well-versed with security of numerous
  - Operating Systems
  - Databases
  - Firewalls
  - IDS/IPS
  - Security Event Management solutions
  - Data Leakage Prevention solutions
  - Identity Management solutions
  - Network Access Control solutions
  - Unified Threat Management solutions
  - Anti-virus and Anti-spam solutions
- Digital forensics tools and techniques
- Commercial and open-source security assessment tools

### Training skills

Well-recognized as a trainer, and have won numerous accolades for hundreds of workshops conducted for prestigious clients such as

- Reserve Bank of India
- The Indian Navy
- Institute of Chartered Accountants of India
- ISACA Mumbai Chapter

### Books

- Linux Security, Audit and Control Features, published by ISACA
- Metasploit Framework – Syngress Publishing
- The Ultimate Startup Guide

### Conferences

- “Penetration Testing vs. Source Code Review” at OWASP Asia 2009 – New Delhi
- “Risk-based Penetration Testing” at OWASP Asia 2008 – Taiwan
- Interop India 2009 – Wireless Security and Chair of Session on Network Access Control
- “Cyber security for Netizens” at Bangalore Cyber Security Summit, 2009
- “Digital Forensics in Fraud Investigation” at Seminar on Fraud and Forensic Accounting, Mumbai 2009
- “Business Web Application Testing”, OWASP Asia 2008, Taiwan
- “Web Application Security”, Networld+Interop, Las Vegas 2005
- “Evasion and Detection of Web Application Attacks”, BlackHat USA, 2004
- “VPN Security Assessment”, IT Underground 2005, Prague, Czech Republic
- “Computer Forensics”, Seminar on “Fraud Management”, by Marcus Evans 2004, 2008, 2009

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### Day 1

#### Track 1

9:00am

#### Identifying the Red-Flags of Fraud

- Tools and Techniques to Identify Fraudulent Activities
- Fraud Perpetrated for the Benefit of the Individual
- Fraud Perpetrated for the Benefit of the Company
- Fraud Perpetrated for the Benefit of a Third Party
- Fraud Perpetrated for the Benefit of Key Shareholders
- Fraud Perpetrated through Override of Existing Controls
- Fraud Perpetrated through Absence of Proper Accounting Documentation

#### Track 2

#### Fraud Auditing Creative Techniques

- Case Studies of Fraud Investigations
- Auditing Techniques
- Retail Banking Frauds (focus Large Value Frauds)
  - Document Forgery
  - Builder-Manager Collusion
  - Phishing Attacks
  - Credit Card Frauds and Variations
  - ATM frauds
- Auditing method 1- "Tiger Team Test"
- Auditing method 2- "Application of Benford's Theorem"
- Auditing method 3- "Use of Barium test"
- Auditing method 4- "Use of Birbal tricks and traps"
- Auditing method 5- "Application of inverse logic"
- Auditing method 6- "Use of Space-time dimension in data evaluation"

#### Track 3

#### Components of Forensic Evidence

- Forensic Imaging
  - Analyzing the Data
  - Development of "Exhibits" for Use in Court
  - Evaluating the Sufficiency, Competency, Relevancy, and Usefulness of Evidence
  - Uses and Limitations of Statistical Sampling in Gathering Forensic Evidence
- Evidence Gathered through Financial Audit Analysis
- Evidence Gathered through I/T Analysis
- Evidence Gathered through Operational Analysis
- Evaluating the Sufficiency and Competency of Forensic Evidence to Support Litigation

#### Track 4

#### Overview of the Nature and Purpose of Forensic Interviews

- The Nature and Purpose of Forensic Interviews
- The difference between Interviews and Interrogations
- Types of Witnesses
- The Environment of the Interview Room
- The Use of Video and Audio Recording

#### Track 5

#### Developing the Litigation Support Team

- The Characteristics of a Forensic Auditor
- Essential Skills for a Forensic Auditor
- Sources for Recruiting Forensic Auditors
- Building the Audit Team
- Forensic Accountants
- Technical Professionals - I/T Experts
- Technical Professionals - Other "Experts"

#### Exercises

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### Day 2

#### Track 1

9:00am

#### Developing the Forensic Report and Related Exhibits

- The Forensic Report as Evidence in a Court of Law
- Approaches for the Development of the Forensic Report
- Various Formats of the Forensic Report

#### Track 2

#### Introduction to Digital Techniques for Data Mining

- Technology Aspects
- Understanding databases
- Understanding data formats
- How to obtain data from master data tables
- Obtaining data dumps from Oracle, MS SQL Server
- Output formats - CSV, Excel, raw dumps

#### Track 3

#### Advanced Data Analysis

- Introduction to CAATT, Excel
- Advantages of Using Excel for Data Analysis
- Getting Data into Excel
- Vendor Master Analysis
- Detect Duplicate Vendors
- Detect Vendors with same PO box, tel, email but different name
- Detect Vendor Accounts opened on Holidays
- Detect Vendors that have different name in Bank Payment Master
- Vendor Payment Analysis
- Use Benford's Law to detect circumvention of Authorisation Limits

#### Case Study

- Detect Money Laundering by Stock Brokers
- Payroll Analysis - Detect Ghost Empolyes

#### Track 4

#### Digital Forensics

- Tracing the fraudster's digital trail
- Searching for digital evidence of a fraud
- Recovering deleted files
- Tracing email and Internet history
- Analyzing data dumps and transaction logs
- Chain of Custody (preserving the evidence)
- Preserving and archiving evidence
- Articulation

#### Track 6

#### Fraud Prevention Controls

- Fraud Policy
- System Controls
- Process Controls
- Detective Controls
- Ghost Customers

#### Putting It All Together

- Delivering the Fraud Prevention Message
- Detecting Different Frauds
- Producing Written Reports

**Exercise:** What Should We Take Back to the Office on Monday

Participants will make presentations with recommendations that may be used on the next day.

End of Course Wrap-up

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### Delegate Registration Form

#### Delegate Information

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Direct Phone / Extn: \_\_\_\_\_

Email: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Direct Phone / Extn: \_\_\_\_\_

Email: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Direct Phone / Extn: \_\_\_\_\_

Email: \_\_\_\_\_

For more delegates, please send delegate information on another page

Company: \_\_\_\_\_

Address: \_\_\_\_\_

#### Authorized by / Billing Information:

Signatory must be authorized to sign on behalf of contracting organization

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Your Signature & Company Seal

This booking is invalid without a signature.

Date: \_\_\_\_\_

Delegate fees is to reach us  
within 7 days of contract date

Completed contracts can be e-mailed

Email: [reg@asiaknow.com](mailto:reg@asiaknow.com)

Please make cheques / DDs payable in favour of:  
"Asia Knowledge Associates"

and send to:

Suite 20, Mayfair, Raviraj-Oberoi Complex,

Off New Link Road, Andheri West,

Mumbai 400053 INDIA

Phone: 91 (22) 32951668

#### Delegate Fees

- 1 Delegate INR 19,800
- 2 Delegates INR 19,200 per Delegate
- 3 Delegates INR 18,400 Per Delegate

#### Terms & Conditions:

1. Confirmation: Telephone bookings are provisional until written confirmation is received, either by fax with credit card details or by post with a cheque. Alternatively an invoice can be sent out in which payment must be made within 5 working days of booking.  
2. Payment: All payments must be received within 5 working days of booking. Failure to pay within this time may result in the course palce being cancelled subject to the cancellation terms below. 3. Cancellations: Cancellations must be received in writing and are subject to the following charges: cancellations received more than 2 weeks prior to the date of the course will be charged at 50% of the booking cost. Cancellations received within 2 weeks of the course date will be charged at 100% of the booking cost.  
4. Substitutions: Delegates substitutions are welcome at any time and do not incur any charge. Please fax or mail your changes to us. 5. Transfers: Transfers to alternative events or dates may also be subject to changes. Transfers received before 2 weeks prior to the course date will not be charged. Transfers received within 2 weeks of the course date will be subject to 50% of the initial booking cost. A credit note will be issued for the remaining 50%. 6. Alterations to the advertising course: We put the greatest care and effort to ensure solidity of the program schedule. AsiaKnowledge will not be responsible for covering airfare, hotel or any other cost incurred by the registrants. In the event that AsiaKnowledge cancels the course, AsiaKnowledge reserves the right to transfer this booking to another course to be held in the following 12 months or to provide a credit note of an equivalent amount to another course within the following 12 months. 7. Liability: By completing this registration form the client hereby agrees that AsiaKnowledge will not be able to mitigate its losses for any less than 50% of the total booking cost. 8. Once signed and returned by e-mail, mail, or fax, this form is regarded thereafter as a firm contract.