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Forensic focus newsletter

Spring | 2021

Welcome to the Spring 2021 issue of the SNG Grant Thornton Forensic Focus Newsletter! We hope you enjoy this issue and if you have any topic suggestions for future editions, please let us know.

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Moxie and the Fight Against Corruption

*Moxie is an American word that means courage, force of character, determination, or nerve.

The July/August 2021 edition of the ACFE's FRAUD Magazine features Thuli Madonsela on the cover and features an article where Thuli shares insights from her time as the public protector of South Africa and what more needs to be done.

Here is a short summary of the article, which is titled **State of capture - Unmasking of chronic corruption in South Africa** [Reprinted with permission from the ACFE]

Our profession requires plenty of insight and knowledge to understand the fraud landscape. But it also takes a good measure of moxie. Thulisile “Thuli” Madonsela is one of those unique people who possesses that know-how and fortitude — at an extraordinary level.

Her hard-fought battles against corruption at the highest levels of the South African government only prove this. The ACFE honored that strength in June when we presented Madonsela with the Cressey Award for a lifetime of achievement in the detection and deterrence of fraud.

Madonsela found her calling early in her career. As a lawyer, she was instrumental in drafting South Africa's robust constitution in the 1990s as the country emerged from the horrifying grip of apartheid. And when she was appointed public protector in 2009, was duty bound to protect those laws. Yet rather than using her position as a bully pulpit, she leveraged her soft power and calm demeanor to investigate and build cases.

Those qualities were useful when she probed excessive spending at former President Jacob Zuma's private residence. She and her family soon started receiving death threats. Madonsela held strong and met Zuma and his allies head-on with the best weapons we fraud examiners have — our body of work. “For us, the outcome was only going to be determined by facts and the law,” she said.

Madonsela's efforts brought accountability to the government. South Africa's politicians are now being examined in a new light, and the public is better able to ensure they're acting in the best interests of the citizens, not themselves.



Seeing what watchdogs like Madonsela go through is painful. Many CFEs deal with similar angst and stress as they try to perform their jobs. It takes guts to tackle corruption directly. As a preventive measure, Madonsela advocates for anti-fraud training across the government. Education about laws and the consequences of violating them is key. All agencies must conduct training at every level. Only then will they have a chance at rooting out corruption and fraud at all levels.

The ACFE Fraud Awareness Training Benchmarking Report supports the benefit and effectiveness of anti-fraud training within all public and private organizations. If no one talks about fraud and how to spot it, then it will only continue to grow. As Madonsela says, “Training for fraud investigations is vital.”

We salute Thuli Madonsela for her outstanding bravery and pioneering actions in South Africa, not just for being the first female public protector, but for facing down the forces that would try to protect their graft at all costs. She truly embodies the best of our profession.

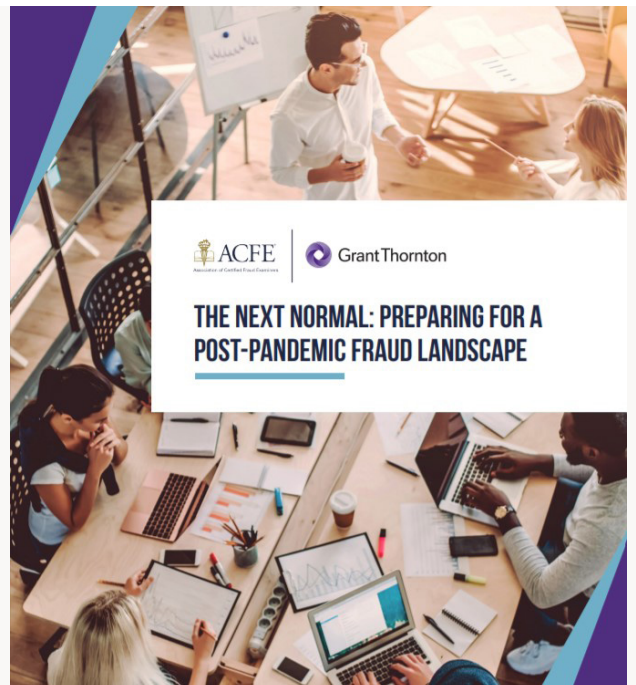
[CLICK HERE](#) to read the full article.

You can also watch a short Video of Thuli Madonsela, who was a Keynote Speaker at the 32nd Annual ACFE Global Fraud Conference, [here](#).

The Next Normal: Preparing for a Post-Pandemic Fraud Landscape

With COVID-19 vaccinations being administered as quickly as possible and countries beginning to lift restrictions put into place to limit the virus's spread, many organizations around the world are preparing for a post-pandemic reality. However, shifts in business operations, economic impacts and changes in consumer behavior due to the pandemic will likely remain significant factors affecting entities — and their fraud risks and anti-fraud programs —going forward.

To assess how organizations are preparing for the “next” normal, the Association of Certified Fraud Examiners (ACFE), in partnership with Grant Thornton, surveyed anti-fraud professionals around the globe regarding the current and expected effects of COVID-19 on the fraud landscape.



We hope that the information highlighted in this report, **The next normal: preparing for a post-pandemic fraud landscape**, will help you understand how fraud risk is evolving and the importance of staying ever vigilant in protecting against its harms in the wake of the coronavirus.

Here are some of the key findings...

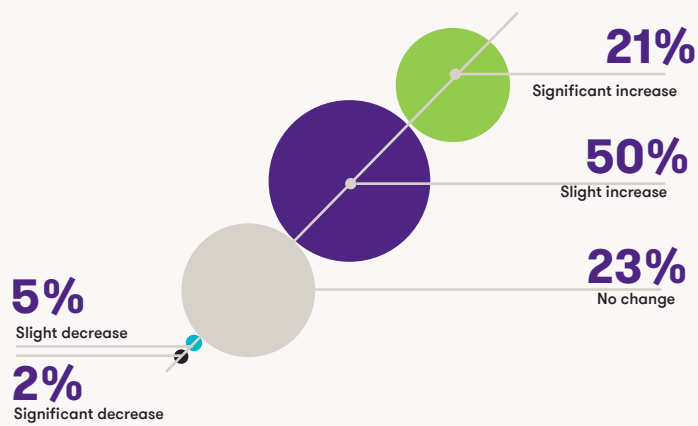
Change in the amount of fraud uncovered



51%

of organizations have **uncovered more fraud** since the onset of the pandemic

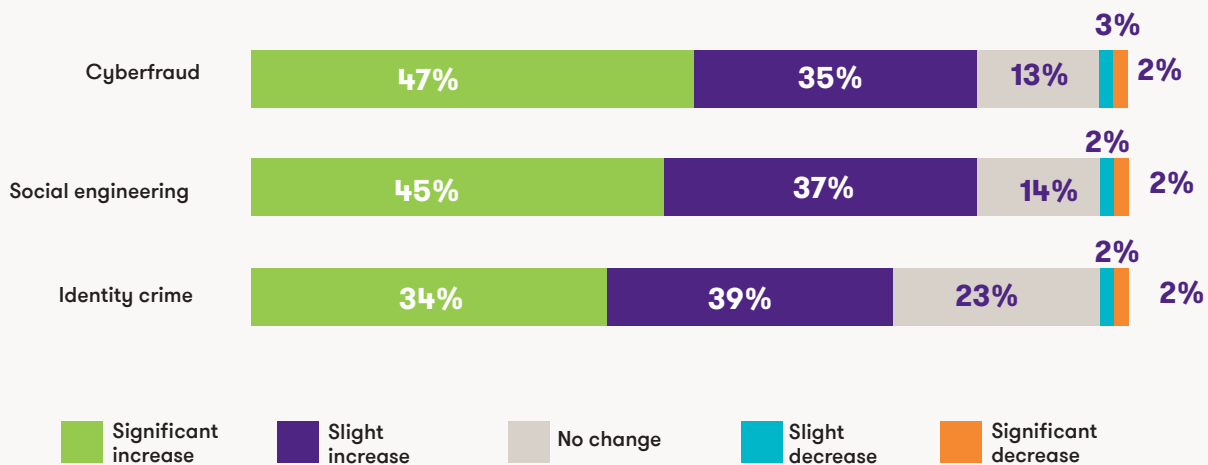
Expected change in the overall level of fraud impacting organizations



71%

expect the **level of fraud** impacting their organizations to **increase** over the next year

Expected change in specific fraud risks over the next 12 months*



* 12 months from June 2021

Changes to anti-fraud programs



More than 80% of organizations have already implemented one or more changes to their anti-fraud programs in response to the pandemic.

Top challenges facing anti-fraud programs

Top challenges facing anti-fraud programs include changes to investigative processes and changes to the control/operating environment.



The pandemic has changed much about the business environment and operations, and anti-fraud programs must evolve along with them.

As you navigate these new challenges, don't forget to keep fraud prevention top-of-mind. Many criminals took advantage of the pandemic's chaos and uncertainty to pursue new fraud schemes — and they may only be coming to light now.

Top Five Fraud-Related Movies

On a recent ACFE Community discussion post, the following question was posed: **What is your favorite fraud movie?** Here are the results of that post, listed in date order:

1. All the Queen's Horses (2017)
2. Wizard of Lies (2017)
3. The Accountant (2016)
4. The Wolf of Wall Street (2013)
5. Catch Me If You Can (2002)

We make use of two of these movies in our fraud prevention and detection course, namely, All the Queen's Horses and Catch Me if You Can. Here is a short summary of each of the two movies:



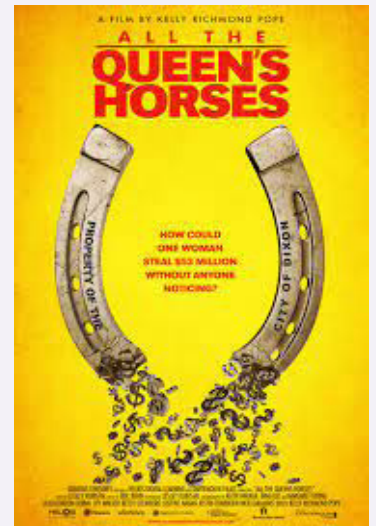
All the Queen's Horses (2017)

This documentary was the project of Professor Kelly Richmond-Pope, who tells the story of Rita Crundwell, the Financial Controller and Treasurer of the City of Dixon, Illinois.

Rita worked for the city from 1983 to 2012 and she started her fraud scheme in 1992, until she was caught in 2012. During these 20 years, she embezzled more than \$53 million by opening a fake City bank account (with her being the sole signatory) and paying false invoices into that account.

Like most fraudsters, Rita started small, testing the system with \$181 000,00 in the first month of her fraud. Twenty years later, Rita was averaging \$5 000 000,00 per month, which was just over half of the City's monthly budget!

In 2013, Rita was sentenced to 19 years jail but was released after just 8 years (in August 2021).



Catch Me If You Can (2002)

Even though Catch Me If You Can is nearly 20 years old, it's still one of the top-rated movies on financial fraud based on the true story of Frank Abagnale.

Abagnale ran away from home at the age of 16 and by the time he turned 19 years old, he was worth millions of dollars. He did this by creating and cashing fake cheques. Frank used social engineering to con people, and he posed as an airline pilot, a doctor, a prosecuting attorney, FBI agent and various other professionals.

Frank was caught in 1971 and was sentenced to 10 years jail but he was released in 1974. He then started providing cheque fraud awareness training to banks and became a fraud consultant to the FBI.



SABRIC Annual Crime Stats 2020



On the 29th of September this year, SABRIC, the South African Banking Risk Information Centre, on behalf of the banking industry released its annual 2020 crime stats, which make for interesting reading. Here is a summary of the highlights plus some comments from the CEO...

COVID-19, in conjunction with the implementation of regulations of the Disaster Management Act had a notable influence on financial crime trends in 2020. It triggered changes in human behavior, human movement, and policing, creating new opportunities for criminals which significantly impacted the number of crime incidents. While some crime types decreased, others increased as criminals exploited COVID-19 for their own gain. Overall, SABRIC has seen an increase in banking crime incidents.

As customers turned to online shopping and settling payments on app, criminals enhanced their efforts to phish customers to steal their personal data to defraud them on digital and online platforms.

Digital banking fraud increased by **33%**.

Debit card fraud rose by **22%**, while on a positive note, credit card fraud decreased by **7%**.

Contact crime was impacted by the restriction of movement and visible policing, resulting in a decrease in incidents. Associated robberies saw a decrease of **24%** in 2020 when compared to 2019 with decreases evident in the Free State, the Eastern Cape and Mpumalanga.

While ATM attacks decreased by **9%** overall, ATM explosive incidents increased by **20%**.

Please **CLICK HERE** to access the SABRIC Annual Crime Stats 2020 publication.

Cash-in-transit (CIT) robberies decreased significantly due to the Level 5 lockdown in April and May of 2020, but once restrictions were lifted, these increased again by **22%** as criminals were able to move with fewer restrictions and fear of roadblocks and searches.

Robberies and burglaries also increased by **42%** and **12%** respectively.

SABRIC CEO Nischal Mewalall stated: “Your personal data, when combined with technology has become the new key to the safe that holds your money in a bank, so you must safeguard your data to prevent criminals getting access to your safe.”

Mewalall further warned that looking ahead, cybercrime and data breaches will represent a significant threat to customers and banks, because even the best security and technology can be compromised when criminals source and use legitimate data illegally, to carry out a crime.

Mewalall also warns bank customers to never click on links in unsolicited emails as these links are used in phishing emails to drive people to “spoofed” websites which look like legitimate online retailers, complete with enticing images and convincing taglines.

“Criminals use these bogus websites to harvest bank card details to make online purchases using your account. We are still seeing lots of scam’s advertising seemingly incredible deals for personal protective equipment, sanitiser and fake vaccines that exploit people’s concern for their health and safety.” adds Mewalall.

Interview with Tebogo Sealanyane

This month, one of our forensic services colleagues, Tebogo Sealanyane, was sworn in and formally admitted as an Attorney of the High Court of South Africa. We decided to ask Tebogo a few questions about her achievement:



1. What's the biggest factor that has helped you be successful?

My family values. I come from a long line of hardworking, overachieving women. Growing up, they set the precedent for me to strive to be the very best version of myself through academic pursuits. The desire to constantly push myself was deeply embedded in me from a very young age, and in many ways, this has been the biggest driving factor in my journey. I also receive a tremendous amount of support from my family.

2. What are your success habits?

It has always been very important that I have a clear vision of my future. Setting goals for myself for my personal and professional growth and development helps me to stay focused. I take full responsibility for all the things I know are in my power to control and put plans to action.

3. What mistakes have you made along the way?

In my former years I took networking for granted. It is so important to build your professional network from a young age and engage with people from all walks of life as much as you possibly can. You can always learn something from the next person.

4. What was the hardest decision you ever had to make?

Making the decision to keep going even when there was very slow progress in my career. It took a knock on my confidence and made me doubt the path I was on. I had to remind myself why I started and decide every single day to continue to work on fulfilling my purpose.

5. What is the best advice you can give?

Listen to your instincts. Especially if you ever find yourself at a crossroad in your career.

Trust yourself enough to make life changing/difficult decisions. Practice appreciation – in any given circumstance there is always something to be grateful for.

6. If you could start all over again, what would you do differently?

I wouldn't do anything differently. I believe that all my experiences (hardships included) have helped me grow, and I am a better person for it.

Upcoming Fraud & Ethics Courses

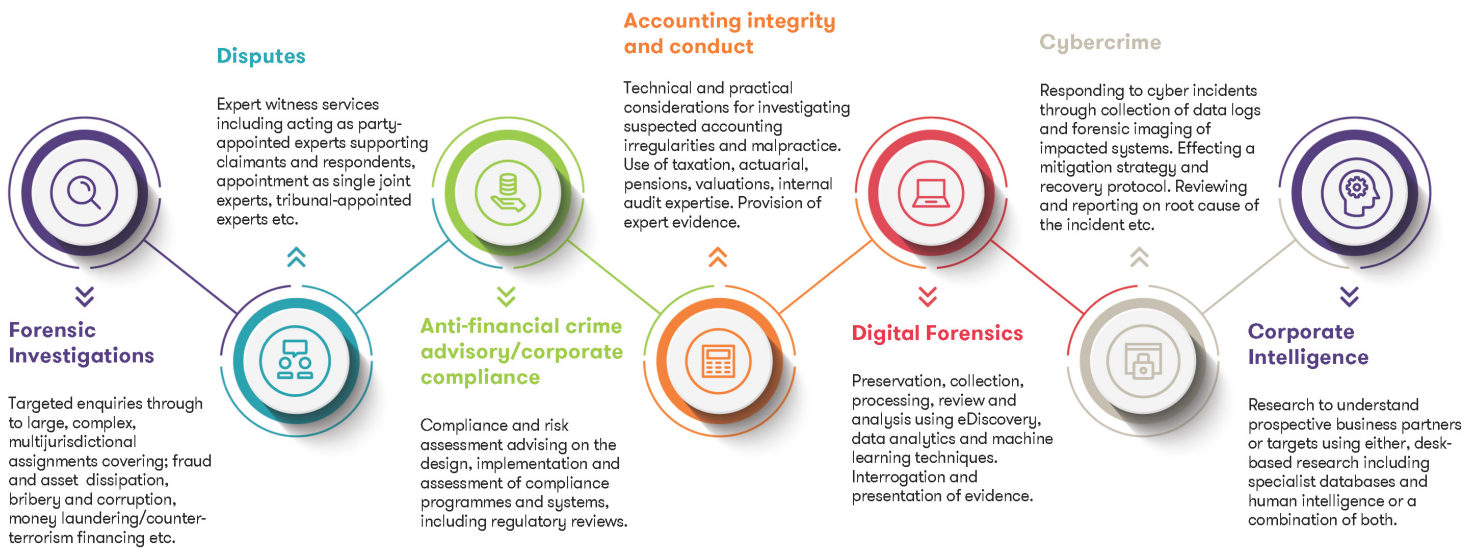


We will be presenting the following courses for the IIA's Leadership Academy for Guardians of Governance:

- [Fraud Prevention & Detection \(FPDT\) 10-11 November 2021 \(online\)](#)
- [Fraud Investigations \(FRIN\) 23-24 November 2021 \(online\)](#)
- [Ethics and the Internal Auditor \(ETIA\) 8-9 December 2021 \(Online\)](#)
- [Fraud Prevention & Detection \(FPDT\) 13-14 December 2021 \(online\)](#)

Click on each link for more details or contact the CPD Project Coordinator, Sharene Smit on mobile: **082 421 7057** or email: sharene@governanceacademy.co.za

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We provide pragmatic, independent and expert advice. Contact us for further information.



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