

In this issue



When the economy turns down, fraud turns up

Pg.2



2022 Transparency International Corruption Perception Index

Pg.2



Changing C-Suite

Pg.3



10 ways to strengthen fraud risk assessments

Pg.4



Editor: Dr Antonio Pooe



Email: antonio.pooe@sng.gt.com



Mobile: +27 (0)72 781 4157

Welcome to the summer issue of our Forensic Focus newsletter!



As we begin 2022, we reflect on the last two years – both of which were **challenging** for all, **devastating** for some, and leaving many of us with some **trepidation** about 2022.

That trepidation isn't unfounded, as the majority of respondents (70%) of our 2021 sub-Saharan Africa fraud survey felt that fraud would increase during 2022.

Another survey finding was the importance of anti-fraud education and awareness. We asked; "What do you think is the most important anti-fraud mitigating initiative in terms of obtaining tangible results?" and the majority (36%) cited **employee awareness training**.

And this newsletter is one of our means of educating people about fraud risks and what they can do to counter these threats.

In this issue we have the following articles for your edification:

- When the economy turns down, fraud turns up – the new SNGGT anti-fraud gap analysis tool.
- We provide an overview of the 2022 Transparency International Corruption Perception Index.
- The C-suite is changing – a brief look at an interesting new position – the CCO!
- Lastly, we look at 10 ways to strengthen fraud risk assessments

Dr Antonio Pooe (Head of Forensic Services)

When the economy turns down, fraud turns up...



The pandemic has created an unprecedented opportunity set for fraudsters, whether they be professional criminals or merely situational crooks.

But the current economic climate presents both challenges and opportunities. In an economic slump there is a double threat - old frauds are being exposed. As Warren Buffet said...

“Only when the tide goes out do you discover who’s been swimming naked”

...and new frauds are being perpetrated by desperate or greedy staff members and/or organized crime gangs.

The opportunities are for organisations to ensure they find their old frauds that are eating away at their profits, and to prevent new frauds by implementing a best practice anti-fraud strategy.

To help you find your anti-fraud ‘Achilles Heels’, we have created a short online, fraud gap analysis, which is based on the ACFE’s (Association of Certified Fraud Examiners) fraud prevention check-up

Your answers to these short questions will enable us to identify, quickly, where there are deficiencies or limitations in the existence, awareness and capability of appropriate prevention and detection procedures.

Once you have completed and submitted the survey, we will generate a report and then set up a short 30-minute online meeting with you to go through the results so that we can have a meaningful discussion around your fraud prevention needs.

If this free fraud gap analysis interests you, please email Antonio on antonio.pooe@sng.gt.com to get your survey link.

Transparency International has just released their 2022 Global Corruption Perception Index (CPI).

Changing regulation, increased enforcement and the adoption of new technologies are dramatically changing the risk landscapes that organizations must face. But fighting corruption remains a top priority on the compliance & ethics agenda.

“Two years into the devastating #COVID19 pandemic, this year’s Corruption Perceptions Index reveals that corruption levels remain at a standstill worldwide.

Despite commitments on paper, 131 countries have made no significant progress against corruption over the last decade, and this year, 27 countries are at a historic low in their CPI score. Meanwhile, human rights and democracy across the world are under assault.

This is no coincidence. Corruption enables human rights abuses. Conversely, ensuring basic rights and freedoms means there is less space for corruption to go unchallenged.

The 2021 CPI results show that countries with well-protected civil and political liberties generally control corruption better. The fundamental freedoms of association and expression are crucial in the fight for a world free of corruption.”

And if we look at CPI results, this year’s CPI analysis shows that **86%** of countries have made little to no progress in these last 10 years.

90% of countries in Sub-Saharan Africa score below 50 out of 100, indicating serious corruption problems - exacerbated by armed conflicts, terrorist threats, and unconstitutional changes of power.

SA sits alongside Jamaica and Tunisia on the CPI, and comes in at number eight on the regional table of Sub-Saharan African (SSA) countries. The average score for SSA countries is 33, one point higher than last year, demonstrating again that there have been no significant changes in addressing the high levels of corruption in the region:

We are not surprised that SA's score has not improved but what is surprising is that **Botswana**, which has consistently been rated as the least corrupt country in Africa, has dropped to third place in Africa with **Seychelles** now being ranked as the least corrupt country in Africa.

You can follow TI on their [LinkedIn page](#) and read more about the report on the [Corruption Watch website](#).



The C-Suite is changing...

Okay, so we've all heard of these C-suite positions: CEO, CFO, COO, CIO, CRO and CAE but have you heard of the CCO?

CCO = Chief Criminal Officer!

Brett Johnson, a former US Most Wanted cybercriminal, identity thief, hacker, and Original Internet Godfather, has joined Arkose Labs (a global leader in fraud deterrence and account security) as Chief Criminal Officer.

Johnson is one of the world's top experts on cybercrime, identity theft, fraud and cybersecurity, and gained wisdom by building the first organized cybercrime community, Shadowcrew, a precursor to today's Darknet Markets, that laid the foundation for the way modern cybercrime channels still operate today. After being convicted of 39 felonies and serving 7.5 years in federal prison, Johnson stepped away from a life of crime to help individuals and companies protect themselves from the type of person he used to be.

Brett Johnson on The New Wave of Telegram Fraudsters

"I'm seeing 16 year-olds on Telegram bragging about stealing \$60k a week doing it.

That's \$240,000 a month, \$3.1 Million in a year.

And I'm going to tell you the Truth no one else will--That kid is not going to get caught. Most these guys will **NEVER** be caught."



Ex-criminals assisting law-enforcement and corporates to fight fraud is not a new concept, but the title seems to be!

Frank Abagnale has been assisting the FBI for many years to fight cheque fraud and **Kevin Mitnick** (the world's most famous hacker) is currently the Chief Hacking Officer at KnowBe4.

10 Ways to strengthen fraud risk assessments

Fraud risk assessment is an art, not a science. There is no one-size-fits-all approach, and not all fraud risk assessments are equally effective. A best-in-class fraud risk assessment is a comprehensive program that constantly takes the pulse on current and emerging risks, and provides a clear path to mitigation, monitoring and reporting across the enterprise. Too many organizations treat their fraud risk assessment as a one-and-done activity, putting it back up on the shelf after completion and only returning to it every few years. These organizations are missing out on the true value that an effective fraud risk assessment program offers. Some organizations really want to institute a meaningful fraud risk assessment program but lack the knowledge and skills to conduct one effectively. Others simply want to upgrade their current fraud risk assessment program.

Here are 10 ways you can strengthen your fraud risk assessment to move toward best-in-class:

1. Understand your complete risk universe

by identifying the full range of internal and external fraud schemes that could affect your organization.

2. Narrow your focus

You don't need to do an enterprise-wide fraud risk assessment – rather start with a few departments that tend to be high risk, such as finance and/or procurement.

3. Employ the right risk-assessment techniques

Surveys should be supplemented by interviews or workshops and walk-throughs.

4. Focus on facts, not perceptions

Your survey and interview questions should be information-based questions, aimed at assessing the strength of controls instead of simply asking perception-based questions.

5. Involve the right people

Go beyond senior leadership or management and speak with front-line staff in order to verify what management has told you.



6. Dive deep

Your assessment should dive deep enough to understand your top risks, the controls in place, and the key gaps and vulnerabilities, which takes time.

7. Build a strong foundation

This foundation should include a strong and documented governance structure; and defined roles, responsibilities and reporting mechanisms for your fraud risk management program.

8. Break out of your silos

Strategically integrate with other functions at your organization as you conduct the assessment and relay results.

9. Focus on a broad range of controls

As you begin to conduct your fraud risk assessment, match your identified fraud risks to your identified anti-fraud controls. Once you begin to assess and score risks, leverage this inventory to understand what controls are in place to combat a risk and to work to understand how strong controls are in practice.

10. Turn insight into action

Your fraud risk assessment is a tool. The results should drive decisions, resource allocation, and business and process improvements.



Don't know where to start? Check out the recently released [Anti-Fraud Playbook](#), which outlines leading guidance and best practices for developing a leading fraud risk management program. See Plays 3 and 4 for guidance on developing a fraud risk map and conducting an effective fraud risk assessment.

The above article is a summary of an article written by Sophia Carlton and James Ruotolo in the Grant Thornton Hartford, Connecticut, USA office. You can read the full article [here](#).

Contact us

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



Dr. Antonio Poee
Director and Head of Forensic Services
T +27 (72) 781 4157
E Antonio.Poee@sng.gt.com



Alfred Sambaza
Forensic Services Director
T +27 (73) 289 2933
E Alfred.Sambaza@sng.gt.com



Tshepo Modimogale
Senior Manager
T +27 (86) 117 6482
E Tshepo.Modimogale@sng.gt.com