Forensic Audit
Building a World Class Program

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Why the Need for Forensic Audit Program

- In response to a crisis
- Concern from the Board or Audit Committee
- External Auditors or Consultant’s recommendations
- Sarbanes Oxley
- Benchmarking
- Internal need to enhance existing antifraud programs and controls
- Increase in fraud cases
- Target of external investigation
- Centralized function to address fraud risk management programs and controls
Recipe for Success

Sponsorship

ROI

Staffing

Building the Network

Execution & Results

ROI

Staffing

Building the Network

Execution & Results

Sponsorship
Sponsorship & Support

- Organizational policies and procedures
- Hotline
- Ethics and Compliance programs
- Code of Conduct
- Executive sponsorship
- Visibility to Board/Audit Committee
- Engagement by Business Segments/OpCo’s
- Respect from Legal & Human Resources
- Clear understanding of roles and responsibilities
- Assignment of costs
Staffing

» Proper background and experience
» Recruit internally and externally
» Combined set of skills (CFE, CIA, CPA, M.B.A.)
» Invest in training
» Previous corporate investigative experience a plus
» Law enforcement versus auditing
» Proper headcount
» Strong external relationships
» Well networked
» Data Analytics & Computer Forensics skills a plus
Execution & Results

- High-quality results
- Build a brand (think like a consultant)
- Regionally based
- Training and awareness programs
- Be proactive
- Think beyond investigations (Compliance, Internal Controls, ERM, etc.)
- Avoid territorialism
- Solicit feedback (example: have legal review your reports)
- Network, network, & network
Build the Network

- Litigation Support
- Audit Committee presentations
- Executive Management visibility
- Regional awareness of the team
- Attend training and awareness programs
- ERM
- Corporate Compliance
- Information Systems
- Think Big!
- Temporary assignments (rotation program)
- Develop policies and procedures
Return on Investment

- Recovery of assets
- Remediation of losses
- Internal controls/root cause analysis feedback
- Informal feedback on people and processes
- Increased transparency of reporting fraud and misconduct
- Reduction in fraud
- Greater credibility from external agencies (DOJ, Auditors)
- Stronger control environment
- Audit Committee assurance
- Consistent approach to managing fraud risk
Roadblocks

- Lack of policies and procedures
- Lack of a champion or executive management support and sponsorship
- Improperly positioned/located within the organization
- Improperly staffed (headcount & skillsets)
- No budget
- Failure to embed AFPC within organizational framework
- Fear of travel
- Myopic thinking
- Failure to network
- Being reactive
Fraud Risk Management Overview
Proactive Fraud Risk Management Approach

1. Prevention Programs
2. Incident (Fewer)
3. Incident Reporting
4. Investigation
5. Action
6. Resolution
7. Analysis
8. Publication
9. Implementation of Controls
10. Testing For Compliance
11. Training
12. Proactive Auditing
Anti-Fraud Roles & Responsibilities
GIFA - Fraud Risk Management Process

Fraud Deterrence
- Policies & Procedures
- Fraud Risk Assessment
- Anti-Fraud Culture

Fraud Detection
- Forensic Audit Techniques
- CAATs
- Detective Processes & Controls

Fraud Investigation
- Investigation Guides
- Evidence Management
- Reporting

Fraud Remediation
- Root Cause Analysis
- Recovery of Assets
- Internal Controls Review
GIFA - Fraud Deterrence Sub-Process

Policies & Procedures
- Code of Conduct
- Fraud Response Policies
- Human Resources Policies

Fraud Risk Assessment
- Identify Fraud Risk Factors
- Define Fraud Schemes & Scenarios
- Determine Residual Fraud Risk

Anti-Fraud Culture
- Whistleblower Hotline
- Control Environment
- Employee Surveys
GIFA - Fraud Detection Sub-Process

**Forensic Audit Techniques**
- Analytical Procedures
- Interviewing
- Analysis of Financial Transactions

**CAATs**
- ACL / IDEA software
- Continuous Controls Monitoring
- Event-Driven CAATs

**Detective Controls**
- Segregation of Duties
- Monitoring & IT Controls
- Safeguarding Company Assets
GIFA - Fraud Investigation Sub-Process

**Investigative Guidelines**
- Processes & Flowcharts
- Fraud Response Team
- Defined Roles & Responsibilities

**Evidence Management**
- Document Reviews & Labeling
- Computer Forensics
- Chain of Custody

**Reporting**
- Report Guidelines
- Attorney-Client Privilege
- Presentation of Findings
GIFA - Fraud Remediation Sub-Process

Root Cause Analysis
- Internal Controls Review
- Issues Tracking System
- Management Accountability Program

Recovery of Assets
- Civil / Criminal Action
- Disciplinary Action
- Insurance Claims

Information & Communication
- Awareness Programs
- Policy & Procedure Updates
- Surveys & Certification Programs
Bunge’s Global Integrity & Forensic Audit Function
Global Integrity & Forensic Audit – Policies & Procedures Overview

**GIA Charter**
- Defines the purpose of GIA
- Provides authority to conduct audits
- Defines areas of responsibility

**Fraud Response Policy**
- Details guiding principles for managing fraud risk
- Assigns responsibility for addressing complaints

**Fraud Response Protocols**
- Defines principles for conducting internal Compliance/GIFA investigations of fraud and misconduct
- Details the 7-step protocol to address allegations or detection of fraud and/or misconduct

**Allegations Matrix**
- Defines various types of allegations
- Prioritizes allegations in three separate levels (A,B,C)
- Identifies ownership for investigating the allegations

**GIFA Investigative Guidelines**
- Serves as a guide and reference to enroll investigative procedures and processes during the collection of facts and evidence in matters where illegal, unethical or otherwise improper acts are alleged
- Defines GIFA’s philosophy and core values
Global Integrity & Forensic Audit - Vision & Mission

**Vision** – To ensure the development, implementation, and sustainability of a comprehensive fraud risk management process designed to reduce Bunge’s risk of asset loss, reputational damage, and legal liability resulting from incidents of fraud and misconduct.

**Mission** – To develop comprehensive anti-fraud programs and controls designed to deter, detect, investigate, and remediate incidents of fraud and misconduct within Bunge, including but not limited to:

- Promptly respond to reports of illegal, unethical, or improper acts committed by company employees or non-employees who are engaged in company business,
- Conducting fraud awareness training for company employees,
- Completion of a fraud risk assessment,
- Enhanced fraud detection through data analytics and forensic audit techniques,
- Provide litigation support and forensic due diligence for legal and regulatory matters, and
- Collaborate with compliance and risk management teams to evaluate risks, review processes, and analyze trending.
Global Integrity & Forensic Audit - Scope of Work (1 of 2)

- Investigation of Fraud, Abuse, and/or Misconduct
  - Accounting Irregularities
  - Occupational Fraud (Embezzlement, Skimming, Fictitious Invoices, T&E, etc.)
  - Conflicts of Interest
  - Bribery & Corruption
- Litigation Support
  - Antitrust, Intellectual Property, Securities Trading
- Fraud Risk Assessment
Global Integrity & Forensic Audit - Scope of Work (2 of 2)

- Proactive Fraud Awareness Training
  - Internal Audit (forensic audit techniques)
  - Operating Companies
  - Functions (Finance, Sales, etc.)
- M&A Due Diligence
- Ethics & Integrity Case Studies
- IT Investigative Technology/Computer Forensics
- FCPA/Third-Party Compliance
  - Third-Party Proactive Reviews
  - Anti-bribery Audits
- Security Audits/Surveys/Reviews
## Scope of Work - Differentiation

<table>
<thead>
<tr>
<th>Compliance Function</th>
<th>GIFA</th>
<th>Security Function</th>
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</thead>
<tbody>
<tr>
<td>Compliance policies &amp; procedures</td>
<td>Fraud investigations</td>
<td>Physical security programs (facilities, cargo, inventory, etc.)</td>
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<tr>
<td>Ethics programs</td>
<td>Anti-fraud training &amp; awareness</td>
<td>Personal security</td>
</tr>
<tr>
<td>Compliance investigations oversight (FCPA)</td>
<td>Litigation support</td>
<td>Travel security</td>
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<tr>
<td>Allegations matrix</td>
<td>Fraud protocols &amp; investigation guidelines</td>
<td>Security policies and procedures</td>
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<tr>
<td>Compliance reporting</td>
<td>Security audits</td>
<td>Security investigations (thefts, product tampering, etc.)</td>
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<tr>
<td>3rd-party compliance programs</td>
<td>M&amp;A due diligence</td>
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<td></td>
<td>Fraud risk assessments</td>
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Coordination with other Functions
Legal Counsel

- Legal advice
- Litigation support
- Attorney-client privilege
- Review reports for language
- Communication with the Board, Audit Committee, Senior Management
- Co-sponsored training
Human Resources

◉ Investigative support
  • Interviewing
  • Prior disciplinary actions – incidents
  • Personnel files

◉ Report distribution

◉ Disciplinary action

◉ Employee surveys

◉ Staffing (compensation, career planning)
Information Technology

- Electronic evidence collection
- Data retrieval – where/when/how
- Email reviews
- Hard drive imaging
- Internet activity
- Log in/out data
Security

- Support investigations
- Physical access documentation
- Interviewing skills
- Prior incidents
- Location background
Outside Fraud Experts

- Investigative experience/expertise
- Interviewing skills
- Data-mining techniques
- Computer forensics
- Report-writing skills
- Forensic auditing expertise
- Expert witness – render opinions
Audit

- Control weaknesses review
- Root-cause analyses
- Data mining
- Document review
- Email/electronic evidence reviews
- Proactive forensic audits
- Resource pool
- Forensic rotation program
- Fraud training programs
Audit Committee/Management

- Periodic updates
- Annual presentation
- Immediate notification of serious fraud issues
- Root-cause analysis
- Patterns of behavior
- Legal liability
- Oversight of investigative activity
- Sponsorship
Management

- Findings
- Continuous Updates
- Knowledge of Business & People
- Remediation of Findings
- Process Improvements
- Cause & Root Cause Analysis
- Internal Control Recommendations
- Training & Awareness
Questions
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