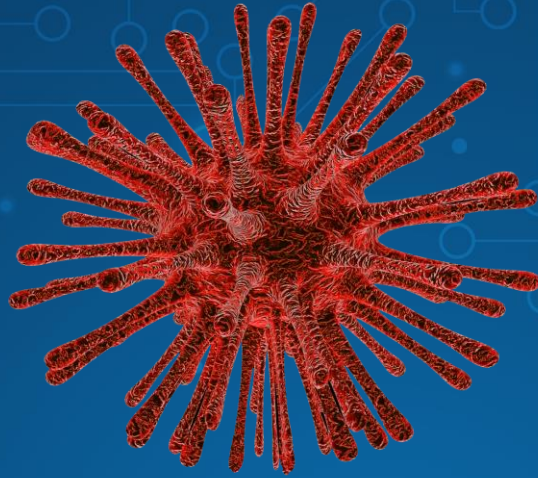




**2020 NATIONAL
CONFERENCE**
Virtual Event | 2-3 December 2020



Emerging top fraud risks to consider in 2021 as a result of global covid-19 pandemic

IIA Indonesia 2020 National Conference, 2 December 2020

Enhancing Communication & Collaboration : Learning From The Pandemic

PwC's 2020 Global Economic Crime and Fraud Survey

47%

told us **they had experienced fraud in the past 24 months.** This is the **second highest** reported level of incidents **in the past 20 years.**

6 incidents of fraud

On average, companies reportedly experienced 6 incidents **in the last 24 months.**

Top 4 types of fraud

- 1 Customer Fraud**
- 2 Cybercrime**
- 3 Asset Misappropriation**
- 4 Bribery and Corruption**

Reported incidents of fraud committed by customers, accounting fraud, anti-trust, human resources fraud, and bribery and corruption — saw big increases this year.

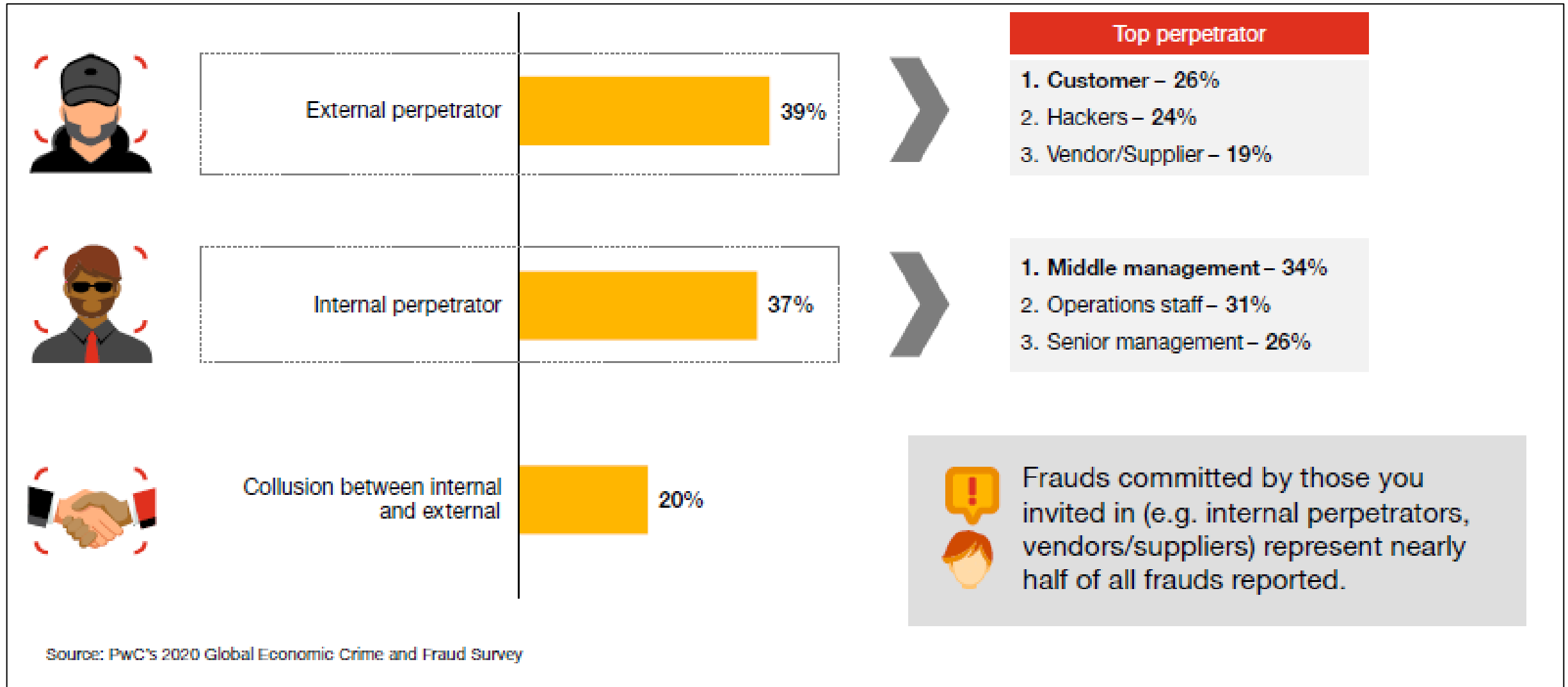
Source: PwC's 2020 Global Economic Crime and Fraud Survey

Most disruptive fraud events – by industry



Source: PwC's 2020 Global Economic Crime and Fraud Survey

Perpetrator's: external, internal and collusion between them



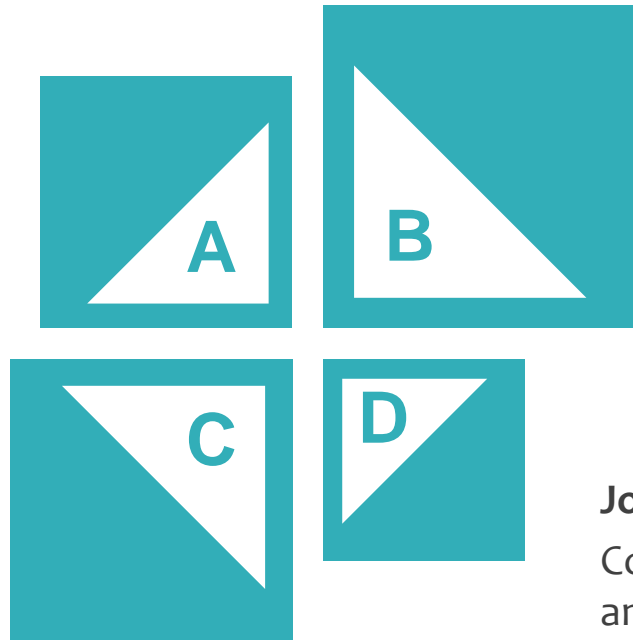
Anti fraud program as a mitigation control for fraud prevention

Fraud risk assessment and fraud awareness training

Fraud risk mitigation control is monitored by ERM Department

Whistle-blowing procedures

Introduced by Audit Committee in 2013 and has been implemented in all business units since then



Company value and code of conduct

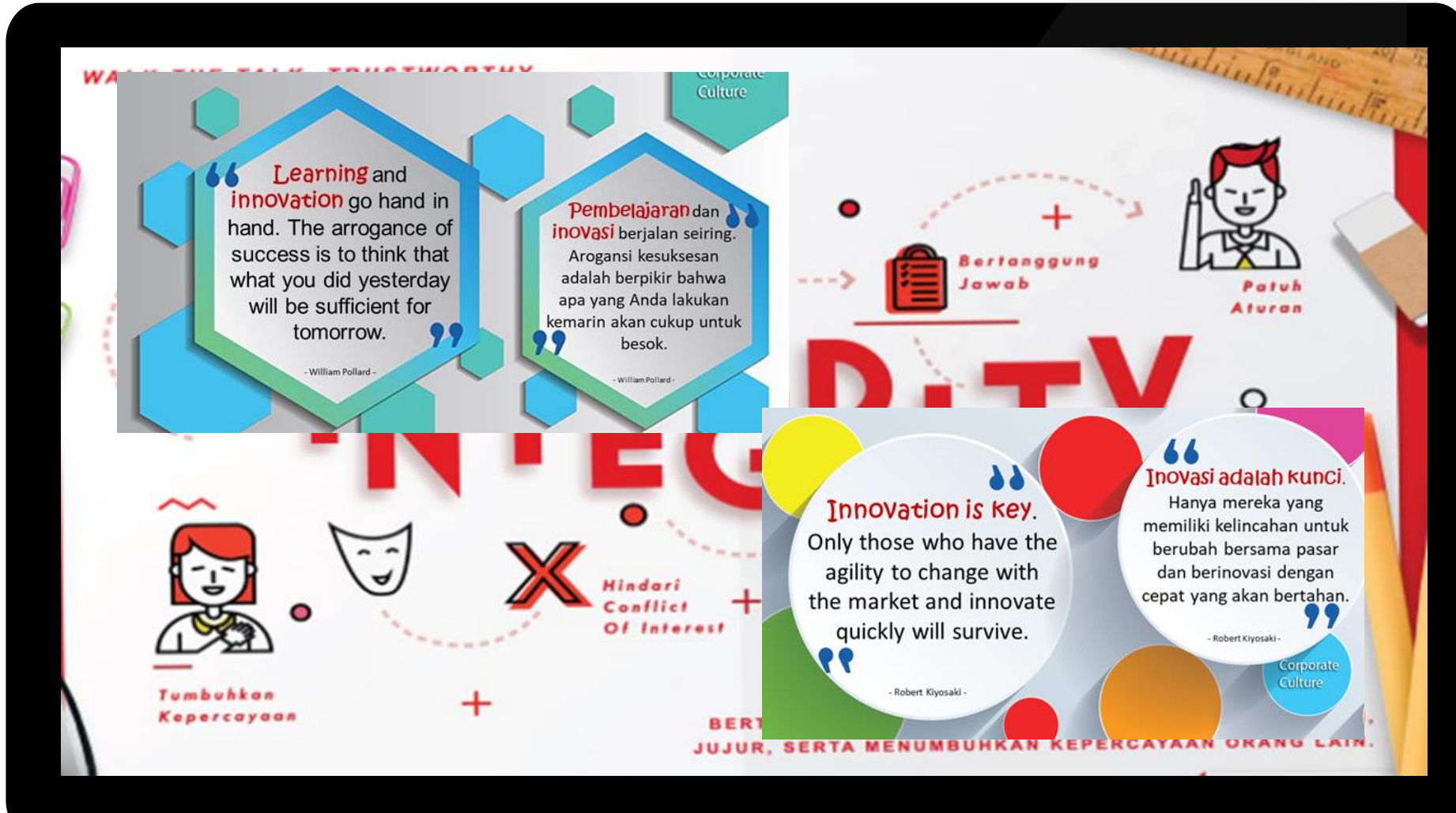
- **Integrity**, Positive Attitude, Commitment, Continuous Improvement, Innovation, Loyalty
- All employees shall not do fraudulent act against Company and/or colleagues

Job rotation

Conducted regularly for specific roles and position

Company value

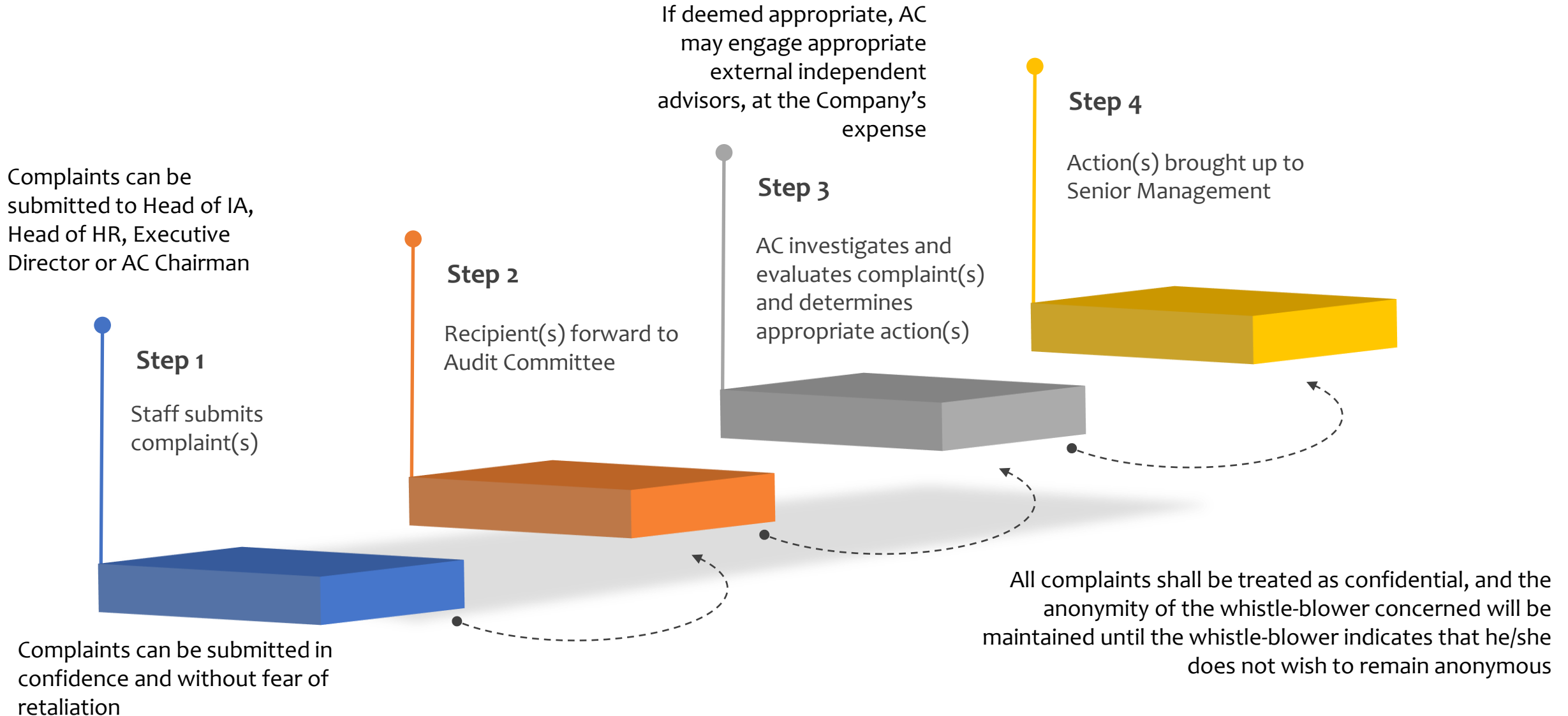
When a computer is logging in to the company network, the desktop background will show the company value, which will be changed regularly as a reminder to the employee on the company value



An email blast will be sent to all employees' email on the quote that will remind the employees on the company value

All employees are required to take training on company value through e-learning system

Whistle-blowing procedures



Fraud awareness workshop/e-Learning

Launched in December 2018
Fraud awareness workshop:
#1 3 December 2018, where 55
peoples were invited
#2 7 December 2018, where 84
peoples were invited

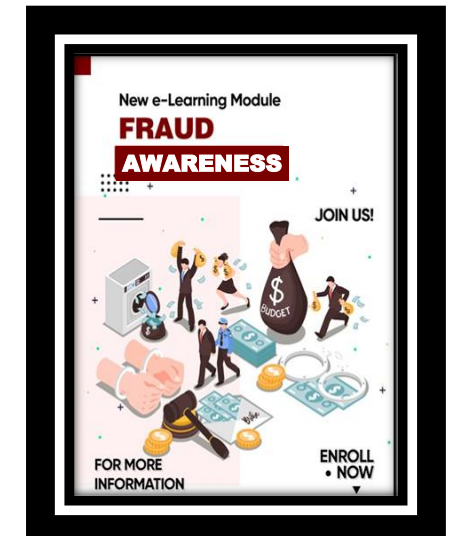
2018

2019

Fraud awareness workshop:
2 December 2019 where 70
peoples were invited

Due to pandemic covid-19, fraud
awareness workshops is converted
to fraud awareness e-learning
which was launched on 11 Nov
2020

2020



IA role in auditing anti fraud program



Fraud risk assessment
Mapping the existence controls to potential fraud scheme and identifying GAP.



Fraud related information and communication
Review effectiveness of fraud risk awareness training and whistle-blowing procedures.



Control environment
Review the company's code of conduct and its implementation.

Control activities
Assess the compliance of procedures and policies of business processes, authorization limit and segregations of duties.

Monitoring
Evaluate the anti fraud program through independent evaluation of the fraud risk assessment.

What anti-fraud controls are the most common in the Asia-Pacific region?

Control	Percent of cases					
	2010	2012	2014	2016	2018	2020
External audit of financial statements	83.9%	91.5%	90.0%	88.2%	93%	93%
Code of conduct	68.5%	83.4%	89.4%	85.2%	87%	88%
Internal audit department	73.2%	81.6%	85.1%	83.6%	80%	84%
Management certification of financial statements	62.8%	81.8%	79.0%	80.2%	79%	80%
Management review	59.4%	66.3%	72.2%	72.3%	71%	78%
External audit of internal controls over financial reporting	64.4%	74.0%	73.9%	74.5%	73%	75%
Hotline	43.3%	58.0%	62.7%	65.7%	74%	72%
Independent audit committee	54.7%	75.7%	78.1%	68.1%	69%	71%
Fraud training for employees	37.2%	46.7%	55.5%	53.3%	59%	64%
Fraud training for managers/executives	40.9%	51.4%	50.9%	50.8%	57%	62%
Anti-fraud policy	36.6%	48.9%	57.9%	46.8%	60%	59%
Employee support programs	22.5%	35.5%	47.8%	48.3%	49%	50%
Dedicated fraud department, function, or team	-	-	44.2%	44.4%	42%	50%
Formal fraud risk assessments	-	39.9%	32.3%	32.6%	37%	45%
Proactive data monitoring/analysis	-	-	30.0%	34.4%	32%	43%
Surprise audits	39.3%	44.2%	40.6%	41.8%	34%	36%
Job rotation/mandatory vacation	21.8%	25.3%	22.2%	24.6%	16%	32%
Rewards for whistleblowers	9.4%	12.1%	6.9%	7.8%	11%	15%

Code of conduct (control environment) rank #2 for the past 10 years

How is occupational fraud initially detected in the Asia-Pacific region?

Detection Method	Percent of cases					
	2010	2012	2014	2016	2018	2020
Tip	42.3%	43.6%	53.9%	45.2%	47%	44%
Internal audit	14.3%	19.6%	10.9%	15.8%	16%	15%
Management review	11.3%	14.2%	11.7%	13.1%	10%	11%
Other	-	1.0%	1.6%	4.1%	4%	7%
External audit	5.8%	3.9%	3.1%	5.9%	8%	7%
Account reconciliation	5.5%	3.4%	6.3%	5.0%	3%	5%
By accident	8.9%	4.4%	3.1%	2.7%	4%	3%
Surveillance/monitoring	2.7%	1.5%	2.3%	0.9%	2%	3%
IT controls	0.7%	2.5%	1.6%	0.9%	1%	2%
Document examination	4.4%	2.0%	1.6%	1.4%	3%	2%
Confession	2.4%	1.0%	1.6%	0.5%	<1%	2%
Notification by law enforcement	1.7%	2.9%	2.3%	4.5%	1%	1%

Tip or whistle blower rank #1 for the past 10 years for fraud initial detection while internal audit rank #2

In 2010, detection method “by accident” rank #4 and by 2020, it rank #7

Thank You