

A Message from the Chapter President

A Congratulations to our Board Member

Linda Lister has announced that she will be retiring from the Fraud Services Group of EY, as well as an active member of the Board of Directors for the Toronto Chapter of the ACFE. The members of the board and I would like to congratulate Linda on her upcoming retirement.

Linda has a diverse accounting background with broad experience in government, manufacturing, service, transportation, utilities and mining industries.

She has more than 16 years' experience in investigating whistleblower accusations, financial statement manipulations, misappropriations of cash, salary sacrifice schemes, ghost employees, check fraud, expense reimbursement schemes and procurement fraud.

She has assisted clients in designing ethics and compliance programs, and has conducted theft and fraud investigations, fraud risk assessments, corporate financial restatement activities and reporting to regulators on corporate governance.



Linda has been an active member of the Toronto Chapter Board of Directors for almost as long as she has been at EY and a strong supporter of the ACFE and its goals.

Linda's accomplishments in the crime prevention and identification world are well known to those who have attended our dinner meetings, chapter conferences and Canadian Conferences, as Linda has been a guest speaker at these sessions and most recently a featured speaker at the 2017 Canadian Conference.

She has made many friends in our chosen profession and will certainly be missed. I am certain Linda has her retirement mapped out and that travel is on the agenda.

Her friends, colleagues and I in the chapter wish Linda all the best and a long and happy retirement.

Oh! By the way Linda, in retirement you will find that you have less time to complete those important things you want than you had when you were working.

So do not forget us - come and visit when you have an opportunity.



William Vasiliou, MBA, CPA, CGA, CFE,
DAC
Chapter President



Out of Sight, Out of Mind... Well Controlled?

By Erik Bettencourt, CPA, CMA, CFE

As organizations globalize and look for ways to become more cost-efficient, many are moving to a Global Business Services (“GBS”) model. A GBS model allows an organization to pool resources and increase service effectiveness by consolidating similar tasks from many global business markets into a shared GBS. Organizations will consolidate business functions such as Payroll, Accounts Payable (“AP”), Accounts Receivable (“AR”) and general accounting from high cost markets and centralize using the GBS model in those with lower operating costs. Common GBS locations for large multinational organizations include Latin America, Eastern Europe and Asia.

While operating a GBS model has many advantages such as standardizing processes and lowering costs, there are associated challenges and risks that must be considered. There are operational barriers to overcome such as relying on technology to perform tasks remotely, and adjusting working hours when working across time zones. In addition to these operations barriers, there are control risks that may not be as apparent.

Employees in a GBS usually have limited experience with the various markets they are supporting and may not understand the inherent uniqueness of each of the markets. General knowledge related to the country and business unit they are supporting is not as obvious as it would be to a local employee. It is important a GBS employee understands the internal and external players for the specific business unit to reduce potential risks such as payment fraud and phishing schemes.

When training GBS employees, it is equally as important to provide training related to overall business knowledge in addition to the specifics of the business processes. As well, they need to be provided training related to fraud risks and to understand their role in the overall control environment. They also should have access to tools such as the organization’s whistle-blower hotline. For example, a GBS AP employee needs to understand the AP processes, but also the organizational structure for the markets they are supporting. The AP employee also needs to know the relationship between payment requestors and appropriate approvers and the typical AP fraud schemes. This understanding will help to reduce potential fraud situations such as a marketing executive setting up a shell company for “snow removal”, or processing a wire based on a spoofing email from an external fraudster requesting an “emergency wire” at the request of the “CEO”.

There are also cultural differences that may increase the fraud risk in a GBS. Cultural differences such as the amount of “wiggle room” within the rules, the cultural aspect of questioning the action of management and the level of cultural emphasis upon ethical standards. When setting up a GBS, it is important to understand the cultural norms and potential role of corruption in that country as they may increase the risk of fraud. For example, Transparency International’s Corruption Perceptions Index, which ranks 180 countries and territories by their perceived levels of public sector corruption, continues to score Latin America countries poorly. By understanding these norms, specific processes and controls can be designed in such a way to mitigate any increased risk based on the location of a GBS.

In addition to the ethical norms, the economic conditions may also increase fraud risks. The level of incentive to commit fraud may be different by country. Is \$10,000 enough to persuade someone in AP to override controls to setup and process payments for that marketing executive’s “snow removal” company? Does it depend on the economic conditions in the country in which that AP employee is working? While the moral integrity is different in each country, it is important to consider the amount of financial motivation to commit fraud may be influenced by the country’s economic conditions.

When moving processes as part of a GBS it is important to consider that ultimate ownerships for controls, such as approval of account reconciliations, top level payroll reviews and regular vendors list reviews, should be done by someone with appropriate knowledge to ensure the control is effective. This may mean that transactional controls may be the responsibility of GBS employees, but some of the top-level reviews and controls are still done by an individual within the specific business markets. So even if that marketing executive’s “snow removal” company was created by a GBS employee it would be detected by an employee within the local business unit conducting a review of the vendor list.

In the current business environment, the use of the GBS model is becoming a common practice and any risks associated with a GBS model need to be addressed. It is important to recognize that in a GBS model, all the involved stakeholders from the head office to the local management at the GBS are responsible for managing risks, including the risk of fraud. The GBS model adds a layer of complexity related to internal controls and fraud risks and all parties must be aware and do their part to minimize the risk.

About the author: **Erik Bettencourt** has experience both in operational audit as well as fraud investigations and audits. He has worked in a variety of fields including transportation, retail and manufacturing. Erik holds a BBA and BSc. in Computer Science from Wilfrid Laurier University and is both a CPA, CMA and a CFE. Erik is also a director on the ACFE Toronto Chapter Board.



Chapter Events

ASSESSING THE RISK OF FRAUD

Conducting a fraud risk assessment is a proactive measure organizations can take to reduce the likelihood and impact of fraud occurrences. In this session, Linda Lister provided insights into conducting effective fraud risk assessments. It also discussed identifying and addressing emerging risks, leverage the results going forward and sustaining the fraud risk assessment process.

Linda's presentation given at the RCMI on January 30th, was well attended and well received. Linda's excellent presentation skills, combined with her outstanding knowledge on this subject matter made this presentation an all-around success.



Congratulation to Zubair Ahmad!!! Zubair's name was drawn for a free dinner meeting. Everyone who attends our dinner meetings has a chance to win!

AML/CTF and Financial Crime in Canada – A 2018 Update

Canada faces important money laundering and, to a lesser extent, terrorist financing risks. At this session, held February 26, Mark McManus discussed the sectors that represent the biggest gaps in the Canadian AML/CTF regime, shared real-life examples of money laundering taking place in Canada, how Canada ranks on their AML/CTF program and with respect to financial crime versus other countries, what needs to be done going forward in Canada to strengthen the AML/CTF regime.

We would like to thank Mark for his expert presentation.



Congratulations to Allane Andrusko!!! Allane's name was drawn for a free dinner meeting.

ACCA

Association of Chartered Certified Accountants

With over 600,000 members, the ACCA is the largest global body for professional accountants. The ACCA has 101 offices in 57 countries as well as 98 accountancy partnerships globally. The ACFE Toronto would like to thank the ACCA for their sponsorship of our February and May dinner meetings! If you would like to learn more about the ACCA, [click here](#).



Traveling?

Why not check out up-coming events in our sister chapters:



Vancouver, BC
[Coming Events](#)



Calgary, AB
[Coming Events](#)



Edmonton, AB
[Coming Events](#)



Ottawa, ON
[Coming Events](#)



South-Western ON
[Coming Events](#)



Montreal, PQ
[Coming Events](#)



Former Knowledge House CEO, lawyer convicted of fraud

A Nova Scotia Supreme Court judge has found two key players in the dramatic collapse of a Halifax e-learning company guilty in a multi-million-dollar stock market fraud case. [Read More...](#)

Former Edmonton Oilers owner Peter Pocklington charged with fraud

A former owner of the Edmonton Oilers is being accused by the U.S. Securities and Exchange Commission (SEC) of defrauding investors. [Read More...](#)



CONFERENCE
FRAUD – INVESTIGATION – TECHNIQUES
F.I.T 3



On April 10, we held our Fraud-Investigation-Techniques 3 conference. Attended by approximately 175 people, this conference was by far our most successful. We would like to take this opportunity to thank our incredible speakers:

- Keith Ward: New Trends and Twists in Fraud
- Norman Deboer: The changing face of Fraud
- Keith Elliott: The Art of Expanding Internet Searches Beyond Social Media
- Amber Mac & Ryan Duquette: Keynote Speakers
- Greg McGuire: Photography & Evidence Handling
- Michael Akpata: Stealing Our Parents Future, Power of Attorney Fraud... When Children Go Really Bad



We would also like to thank our main sponsor:



Finally, we would like to take the opportunity to thank Penny Hill for her tireless efforts in organizing this event. Without her hard work and dedication, this conference would not have been possible.



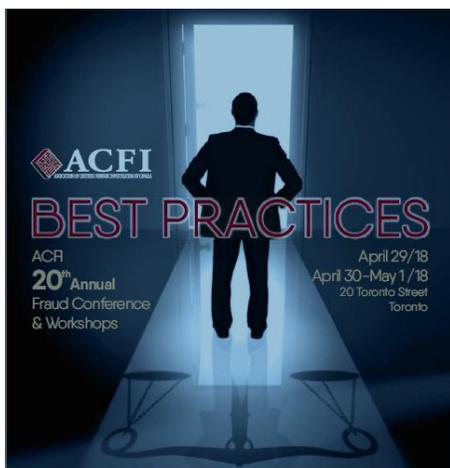
What's Next:



With companies losing up to 5% of annual revenue to occupational fraud, the ability to detect and deter fraud is critical and provides significant benefits to your organization.

Now is your opportunity to develop and further your skills by attending the largest anti-fraud conference in the world

[Click here for more information...](#)



20th Annual ACFI Fraud Conference & Workshop

April 30 - May 1

[Click here for more information...](#)

May 29th Dinner Meeting HEALTH CARE FRAUD: A PRESCRIPTION FOR A SOLUTION



Health and dental insurance coverage is a benefit offered by many employers, both large and small. The plans and coverage vary with the employer, but one thing they all have in common is that they can be targeted for fraud.

[Click here for more information...](#)



Connect on LinkedIn

Did you know the ACFE Toronto Chapter has a new LinkedIn group? Find lots of great connections, articles, discussions, postings. Just go to LinkedIn ACFE Toronto Chapter page by clicking [here](#) and ask to be connected to be a part of this lively site.

Your Board of Directors

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About the ACFE

The ACFE is the world's largest anti-fraud organization and premier provider of anti-fraud training and education. Together with more than 70,000 members, the ACFE is reducing business fraud world-wide and inspiring public confidence in the integrity and objectivity within the profession. Visit www.acfe.com for more details.

ACFE Toronto Welcomes Our Two New Board Members :



Colleen Basden

Colleen has over 18 years of experience as a testifying or consulting expert in the areas of damage quantification, calculation of economic loss in intellectual property matters, in-depth fraud investigations, class action avoidance, and remediation projects. She has been qualified as an expert witness and has testified in Federal Court. Colleen's experience includes work in various industries including: financial institutions, pharmaceutical, oil and gas, mining and consumer markets. She is an instructor at the University of Toronto's Diploma in Investigative and Forensic Accounting program.



Andrew Kautz

Andrew H. Kautz, CFE, is the Manager of the Special Investigations Unit for Great-West Life Assurance Company, based in London, Ontario. He has more than 30 years of investigative experience and since 1991 has dealt primarily with employee theft and fraud investigations. His work has taken him across Canada and into the United States investigating frauds ranging from a few hundred to several million dollars, including loan frauds, Ponzi schemes, phony vendor scams and investment dealer frauds.