THE ROLE OF INTERNAL AUDIT IN FRAUD PREVENTION
**YOUR PRESENTERS**

**ABDULQADER OBAID ALI | CHAIRMAN OF THE BOARD | UAE INTERNAL AUDITORS ASSOCIATION | M.Sc., CFE, CRMA, QIAL**

Abdulqader Obaid Ali is a Certified Fraud Examiner (CFE) from the Association of Certified Fraud Examiners in the USA and has a Certification in Risk Management Assurance (CRMA). He was awarded the Qualification in Internal Audit Leadership (QIAL). Having more than 35 years of experience, he has handled over 500 different cases of fraud throughout his career. Abdulqader is also the Chief Executive Officer of Smartworld, leading in exploring new technologies particularly in security areas and implementing them first in the UAE such as Blockchain among many others.

**SERHAT KHAN | INTERNAL AUDIT DIRECTOR | NPCC**

Serhat is the Chief Audit Executive at National Petroleum Construction Company. He was previously the Director of Internal Audit at McDermott and Chicago Bridge and Iron in the USA where he led global teams focused on Internal Audit, Investigations, Risk management and process improvements. Prior to that, he held senior accounting and audit roles at Kohler Company in the USA.

**AMINE ANTARI | MANAGING DIRECTOR | KROLL**

Amine Antari is a managing director in the Business Intelligence and Investigations practice of Kroll, a division of Duff & Phelps, and Head of Middle East, based in the Dubai office. Amine has 15 years of experience working with multinational companies, financial institutions, and consulting firms in the Middle East, North Africa and North America. He has particular expertise in investigations, with a strong knowledge of international regulatory requirements (e.g., UK Bribery Act, Foreign Corrupt Practices Act) as well as obligations with monitorship and debarments. Over his career, Amine has assisted diverse financial institutions, governmental agencies, development organizations, and engineering companies with their fraud and corruption investigations, fraud and corruption risk assessments, and anti-money laundering initiatives.

**MATT WEITZ | ASSOCIATE MANAGING DIRECTOR | KROLL**

Matthew Weitz is an associate managing director in the Business Intelligence and Investigations practice of Kroll, a division of Duff & Phelps, based in the London office. Matthew is a qualified accountant with over 11 years of experience in fraud, corruption, money-laundering, and dispute resolution investigations, as well as compliance and anti-corruption reviews across a wide range of sectors. He has worked closely with regulators and legal professionals and has managed large and complex cross-border projects. His forensic accounting and anti-corruption experience spans over 30 countries.
LEARNING OBJECTIVES

• Understand how the role of internal audit in fraud risk management is changing around the world

• Learn about the role of internal audit in fraud risk management including prevention, detection and response

• Hear about instances of fraud versus the perception of fraud
Background and Context
BACKGROUND AND CONTEXT
Recent Fraud Cases in the UAE - Audit Missing Issues

EY ordered to pay whistleblower $11m in Dubai gold audit case

Court rules accountancy firm breached code of ethics in its dealings with a refiner

A former partner at the accounting firm EY has been awarded $10.8m (£8.6m) in damages after being forced out of his job when he exposed professional misconduct during an audit of a Dubai gold refiner.

Former CEO of Dubai’s Deyaar sentenced for theft and fraud

Dubai Criminal Court has reportedly sentenced the former chief executive of real estate development company Deyaar and two others to 15 years each in prison on charges relating to theft and fraud valued at Dhs 56.3m.

UK's Financial Reporting Council to investigate Ernst & Young's auditing of NMC Health

Regular to concentrate on 2018 financial statements of troubled UAE-based healthcare provider

KPMG was a key witness as investment firm Abraaj unraveled

Investors have accused the Dubai-based private equity firm of using money from its funds for purposes that were not sanctioned.
BACKGROUND AND CONTEXT

Who is Responsible for Fraud Risk Management and Detecting Fraud?

- All Employees
- Compliance
- Auditors
- Risk Management
- Who’s Responsible?
- Management
- The Board
The role of internal audit teams varies significantly across different industries, jurisdictions, and organizations.

The predominant role of internal audit is, according to the Institute of Internal Auditors (IIA), “to provide independent, objective assurance and consulting activity designed to add value and improve an organization’s operations.”

This includes assessing the design and effectiveness of controls in an organization, including controls involving fraud risk management, and to provide assurance to management and the board that controls are designed appropriately and function effectively.

Organizations should:

- Have robust internal control processes to prevent fraud
- Have a suitable fraud prevention plan
- Consider fraud risk across the organization
- Include fraud risk in the audit plan
- Only investigate if specific expertise
“To understand internal auditors’ views regarding the role of internal audit in assessing fraud risk and preventing, detecting and investigating fraud in their organization.”
02 Methodology
**FOUR KEY QUESTIONS**

1. To what extent does the involvement of internal audit in fraud risk management impact the perceived effectiveness of the fraud risk management process?

2. Where does responsibility for strategic fraud risk management lie within the organization and who is responsible operationally for prevention, detection and investigation of fraud?

3. What are the challenges and barriers to internal audit’s involvement in fraud risk management?

4. What are the recent investment trends in fraud risk management?
Summary of Survey Findings
To what extent does the involvement of internal audit in fraud risk management impact the perceived effectiveness of the fraud risk management process?

**How Effective is Your Fraud Risk Management Process?**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not sure/not applicable</td>
<td>4.80%</td>
</tr>
<tr>
<td>Poor</td>
<td>13.64%</td>
</tr>
<tr>
<td>Fair</td>
<td>27.40%</td>
</tr>
<tr>
<td>Good</td>
<td>35.10%</td>
</tr>
<tr>
<td>Very Good</td>
<td>16.54%</td>
</tr>
<tr>
<td>Excellent</td>
<td>2.52%</td>
</tr>
</tbody>
</table>
To what extent does the involvement of internal audit in fraud risk management impact the perceived effectiveness of the fraud risk management process?

**Perception of Fraud Risk Management Process Considering Involvement of Internal Audit**

1. Respondents who were extremely involved
2. Respondents who were extremely involved or very involved
3. Respondents who were minimally involved or not involved
SUMMARY OF SURVEY FINDINGS

Where does responsibility for strategic fraud risk management lie within the organization and who is responsible operationally for prevention, detection and investigation of fraud?

**Which team takes the lead for strategic fraud risk management?**

- Legal: 0%
- Not sure/not applicable: 5%
- Operational management: 10%
- Executive management: 15%
- Compliance: 20%
- A combination of these: 25%
- Internal audit: 30%
Where does responsibility for strategic fraud risk management lie within the organization and who is responsible operationally for prevention, detection and investigation of fraud?
What are the challenges and barriers to internal audit involvement in fraud risk?

- Lack of mandate: 23%
- Lack of appropriate expertise/skills: 14%
- Lack of resources: 33%
- Conflict of interest: 21%
What are the trends in investment in fraud risk management?

- Increased
- Stayed the same
- Not sure/not applicable
- Decreased
What are the trends in investment in fraud risk management?

**INTERNAL AUDIT TEAM SIZE RELATIVE TO ORGANIZATION SIZE**

- **>50,000**
  - 1
  - 2–5
  - 6–10
  - 11–15
  - 16–25
  - 26–50
  - 51–100
  - More than 100

- **10,001–50,000**
  - 1
  - 2–5
  - 6–10
  - 11–15
  - 16–25
  - 26–50
  - 51–100
  - More than 100

- **1,501–10,000**
  - 1
  - 2–5
  - 6–10
  - 11–15
  - 16–25
  - 26–50
  - 51–100
  - More than 100

- **501–1,500**
  - 1
  - 2–5
  - 6–10
  - 11–15
  - 16–25
  - 26–50
  - 51–100
  - More than 100

- **<500**
  - 1
  - 2–5
  - 6–10
  - 11–15
  - 16–25
  - 26–50
  - 51–100
  - More than 100

Kroll, a division of Duff & Phelps. Proprietary and Confidential. These slides have been prepared for general information purposes only and do not constitute legal or other professional advice.
COVID-19 and Fraud Risk
COVID-19
How Does the Pandemic Affect Fraud Risk

Opportunity
Pressure/Incentive
Rationalization
05  Contact Us
Kroll is the leading global provider of risk solutions. For more than 45 years, Kroll has helped clients make confident risk management decisions about people, assets, operations and security through a wide range of investigations, cyber security, due diligence and compliance, physical and operational security, and data and information management services.

Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, investigations, disputes, cyber security, compliance and regulatory matters, and other governance-related issues. We work with clients across diverse sectors, mitigating risk to assets, operations and people. With Kroll, a division of Duff & Phelps since 2018, our firm has nearly 4,000 professionals in 25 countries around the world.

**4,000 TOTAL PROFESSIONALS GLOBALLY**

**MORE THAN 15,000 ENGAGEMENTS PERFORMED IN 2018**

**7,500 CLIENTS INCLUDING NEARLY 50% OF THE S&P 500**

**THE AMERICAS**

**2,000+ PROFESSIONALS**

**EUROPE AND MIDDLE EAST**

**1,000+ PROFESSIONALS**

**ASIA PACIFIC**

**500+ PROFESSIONALS**
<table>
<thead>
<tr>
<th>Across 25 Countries Worldwide</th>
</tr>
</thead>
</table>

### The Americas
- Addison
- Atlanta
- Austin
- Bogota
- Boston
- Buenos Aires
- Cayman Islands
- Chicago
- Dallas
- Denver
- Houston
- Libertyville
- Los Angeles
- Mexico City
- Miami
- Minneapolis
- Morristown
- Nashville
- New York
- Philadelphia
- Reston
- St. Louis
- San Francisco
- São Paulo
- Seattle
- Secaucus
- Silicon Valley
- Toronto
- Washington, D.C.
- Westlake

### Europe and Middle East
- Abu Dhabi
- Agrate
- Brianza
- Amsterdam
- Barcelona
- Bari
- Berlin
- Bilbao
- Birmingham
- Channel Islands
- Dubai
- Dublin
- Frankfurt
- Hamburg
- Lisbon
- London
- Longford
- Luxembourg
- Madrid
- Manchester
- Milan
- Moscow
- Munich
- Padua
- Paris
- Pesaro
- Riyadh
- Rome
- Turin
- Warsaw
- Zurich

### Asia Pacific
- Bangalore
- Beijing
- Guangzhou
- Hanoi
- Hong Kong
- Hyderabad
- Melbourne
- Mumbai
- New Delhi
- Shanghai
- Shenzhen
- Singapore
- Sydney
- Taipei
- Tokyo
About Kroll

Kroll is the leading global provider of risk solutions. For more than 45 years, Kroll has helped clients make confident risk management decisions about people, assets, operations and security through a wide range of investigations, cyber security, due diligence and compliance, physical and operational security, and data and information management services. For more information, visit www.kroll.com.

About Duff & Phelps

Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, investigations, disputes, cyber security, compliance and regulatory matters, and other governance-related issues. We work with clients across diverse sectors, mitigating risk to assets, operations and people. With Kroll, a division of Duff & Phelps since 2018, our firm has nearly 4,000 professionals in 25 countries around the world. For more information, visit www.duffandphelps.com.