

Indian Audit and Accounts Department Regional Training Institute, Nagpur

NEWSLETTER

Second Issue

April-September

2007-08

From the PD's Desk

It gives me immense pleasure in presenting the second issue of the institute's newsletter. The institute is proud of scaling some new heights during the last six months, in the path of its progression towards excellence. The first one obviously is being instrumental in achieving eighty three percent success in the SOG examination taken by the Direct Recruit Section Officers (on probation) trained at this institute. Three of them secured the top three positions in the all India merit list. Commemorating the occasion, a faculty meet was arranged to analyse the subject-wise performance in order to identify the areas that require attention in future.

Efforts made in developing and disseminating quality reading material and case studies in the area of the institute's specialization i.e. 'Audit of Fraud, Fraud Detection Techniques and Forensic Audit' too paid rich dividends. During this period, about four volumes of reading material and 35 case studies were prepared and disseminated. They include 10 case studies on cyber crimes prepared based on the real life cases obtained from Cyber Crimes cell, Mumbai Police.

As a part of our Continuing Professional Education Programme (CPE), during the last six months, almost every faculty/staff had undergone training according to the perceived training needs. This would help them in maintaining high professional standards.

Nevertheless, there are many challenges the institute needs to gear up for, particularly in the area of attempting self-learning IT modules and building a bank case studies and quality reading material focusing on the areas of performance gaps being perceived by our user offices. I am sure that the institute, not withstanding the persisting shortages being faced in some cadres, would continue to strive for excellence for reaching higher echelons in the time to come.

Dr. Sadu Israel
Principal Director

In this Issue

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Dignitaries visited us

1. Shri Vikram Chandra, Director General of Audit (P&T), Delhi, for a discussion about training needs.
2. Dr. Satya Pal Singh, IPS, Commissioner of Police, Nagpur, for inauguration of the Workshop on Departmental enquiries and Disciplinary proceedings.



3. Shri P.K. Mukherjee, Chief Engineer, PWD, Nagpur for handling a session in a course on Audit of Public Works.
4. Shri A.K. Manchanda, Addl. Director General, NADT, Nagpur, for handling a session in the course on Audit of Direct Taxes.
5. Shri D.C. Garg, CMD, Western Coal Fields, Nagpur for inauguration of a special course on Certification of Annual Accounts of PSUs.
6. Shri Rakesh Jain, Principal Director (RS), O/o CAG of India, New Delhi for inauguration of a special course on Finance & Appropriation Accounts.
7. Dr. Sanjay Mukherjee, Collector, Nagpur, for handling a session on Audit of Public Works.
8. Dr. Suresh Mekhala, IPS, DCP, Nagpur for handling a session for DRSOs (CA) - Phase II (2005 Batch) probationers.

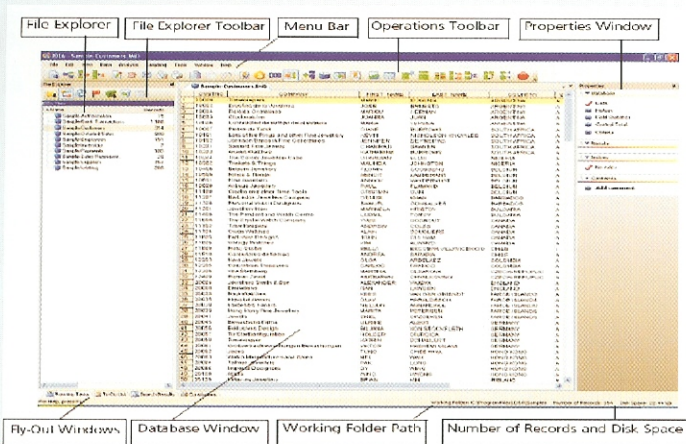
What is new in IDEA 7.1 ?

IDEA is a computer-based technique used by auditors, accountants, investigators, and IT staff. It analyzes data in many ways and allows extraction, sampling, and manipulation of data in order to identify errors, problems, specific issues, and trends.

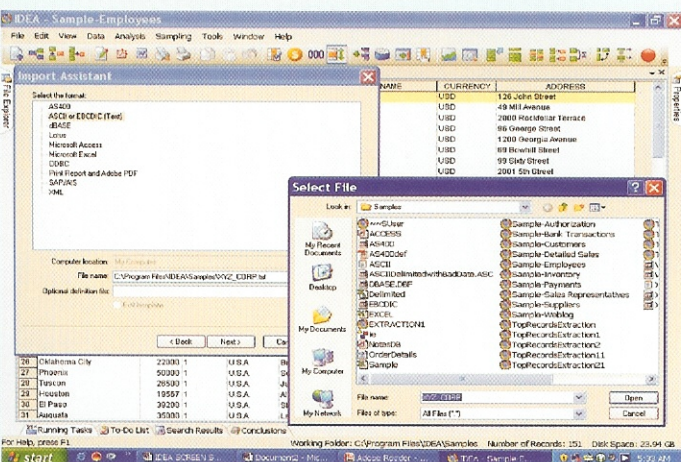
The new version of IDEA brings fourth several new enhancements and features designed to help the user. It has powerful functionality, ease of use and robust processing capabilities. Following are some of the new features.

a) New ease of use enhancements

- Files are now accessed from tabs on top of the database window for running tasks
- Improved file explorer with "Fly Out", allowing file explorer to be easily hidden or retrieved.
- Database properties window with "Fly Out", having Control totals, Criteria, Indices, History and Field Statistics.

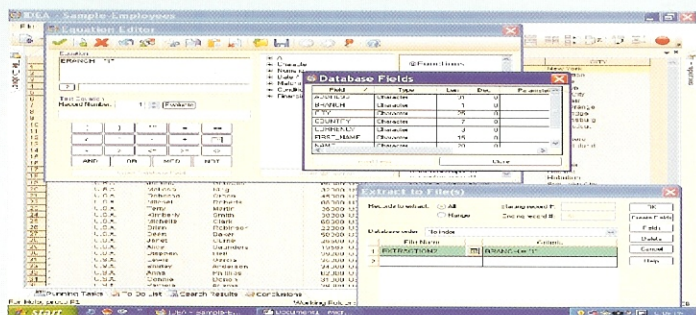


b) **Import Assistant enhancements**- bad data handling (data in inappropriate format eg. Date in character format), complex file assistance. The option of creating bad data file is available in View menu in sub menu Options.

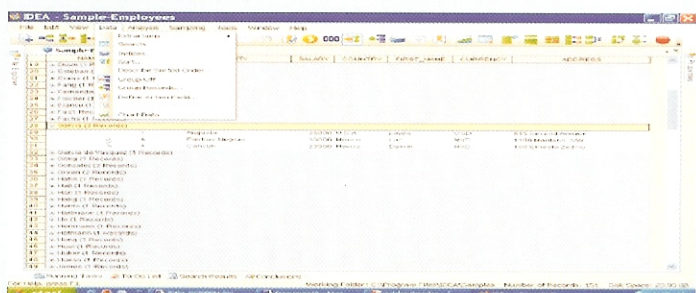


c) Equation Editor enhancements

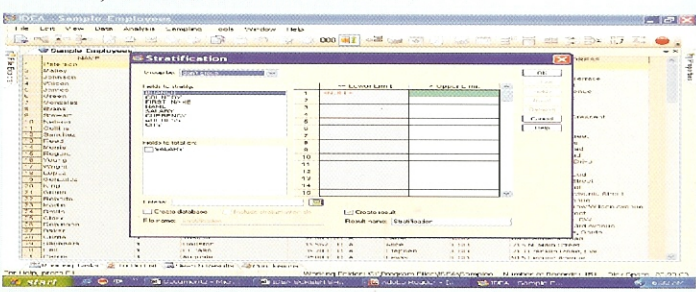
- New @ functions, Last Day Of Month, StripAccent, Between, Split, Alltrim.
- New Exact Match
- Text wrapping
- Insert / Delete field without an extraction
- Summarization now includes statistics average, min, max, variance, calculate percentage



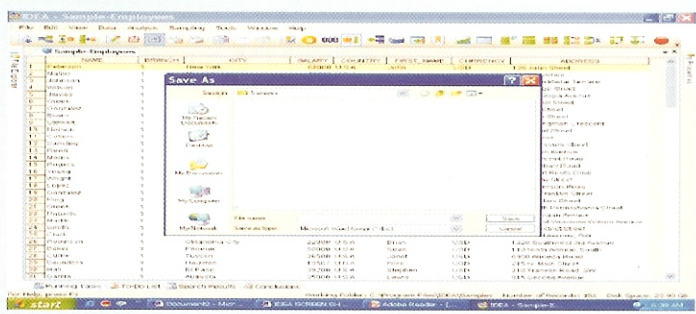
d) **Group Records:** Organize matching records in indexed fields (keys) into expandable/collapsible groups. This option is available in menu Data.



e) **Single Dialog box for stratification, summarization and gap detection, on date & character fields**



f) **Saves and publishes the Active Layout as PDF Format Document or Word Document**



Shri A. P. Virodkar, Sr. AO/CF

CONTINUING PROFESSIONAL EDUCATION (CPE) (Institute's Faculty/Staff trained between April 2007 & September 2007)

Name (Shri/Smt.)	Designation	Subject & place of training
Dr. P. H. Mudaliar	SAO/CF	IT Audit, ICISA, Noida.
A. P. Virodkar	SAO/CF	Disinvestment, RTI, Jaipur. e-Governance, RTI, Chennai.
L. G. Bhute	AAO/CF	IT Audit, ICISA, Noida.
R. R. Shahare	AAO/CF	Fraud Management, Pune.
P. P. Navghare	AAO/Admn.	MS Office, RTI, Nagpur.
M. Ishwar	Sr. Auditor	MS Access, RTI, Nagpur.
S. Ramjan	Clerk	MS Office, RTI, Nagpur.

OUR TOPPERS



Hearty Congratulations to All India Toppers !!

The following SOG Probationary Officers trained at the institute between 19.9.2006 and 18.11.2006 for their Phase I theoretical training secured the First, Second and Third positions at all India level in the results declared by Headquarters in 2007. The institute appreciates their sincerity and commitment and wish them all the best in their future endeavours.

FIRST



Vijay Keswani
O/o A. G. Chhattisgarh
Raipur

‘The decisive role played by RTI, Nagpur in providing excellent academic and disciplined environment ensured me the first position. Moreover, exam specific approach and time management of the institution helped me achieving/reaching this goal.’

SECOND



Manoj Kumar Thakur
O/o Pr. A.G. (C & R Audit)
Ahmedabad

THIRD



Manish
O/o Pr. A. G. (C&C Audit)
Gwalior

Course-wise Toppers

The institute, at the end of every training programme, conducts an evaluation test. The following table indicates the details of the participants who secured the first and the second positions in the tests. They were awarded with token mementoes and merit certificates to sustain their interest and motivational levels. Their offices were also intimated about it.

GENERAL COURSES	MONTH & YEAR	FIRST RANK	SECOND RANK
Audit of P & T	April 2007	Raghavendra Singh, AAO DA (OF), Jabalpur	Shiju B. Samuel, SO DA, P&T, Nagpur
DRSO-Phase I (Commercial)	May 2007	R. S. Chouksey, DRSO (P) PAG (C&CA), Gwalior	Shikha Labru, DRSO(P) PAG (C&CA), Gwalior
Use of Statistical Sampling in IA & AD	May 2007	S. Reddy, S.O. PAG (CA), Hyderabad	V. S. Ghadge, AAO A.G. (Au)-II, Nagpur
Audit of Direct Taxes	May 2007	G. K. Kumbha, A.O. PDA, Central, Mumbai	Ms. Manisha B. Gawandi, SO PDA, Central, Mumbai
Audit of Panchayati Raj Institutes and ULBs	June 2007	R. K. Barnwal, AAO A.G. (Au)-II, Nagpur	S. K. Chaudhary, AAO A.G. (Au)-II, Nagpur
Audit of P.W. Projects and Irrigation Dev. Corporations	July 2007	B. Raghunandan, S.O. PAG, (Audit)-I, Mumbai	K. K. Badonia, S.O. A.G. (W&R), Bhopal
Audit of State Receipts	September 2007	V. N. Telang, AAO A. G. (Au)-II, Nagpur	V. K. Bhaladhare, S.O. A.G. Chhattisgarh, Raipur

EDP COURSES (LAB I)			
M.S. Office	April 2007	Ms. Surekha Chandorkar, DEO, A.G. (A&E)I, Bhopal	Shri Vikas Sinha, S.O. PDA, WC Rly. Jabalpur
COBIT	May 2007	V. V. Mallikarjun Rao, AAO PDA, SC Rly, Secunderabad	P. G. Vemula, AAO A. G. (C&RA), Hyderabad
M.S. Access	June 2007	D. B. Potpose, Sr. Ar. PDA, C. Rly, Mumbai	Ms. Geeta Kumari, SO A.G. (C&RA), Hyderabad
IDEA for windows	July 2007	T. S. Jambhulkar, S.O. A. G. (A & E)-II, Nagpur	R. K. Chavhan, S.O. PDA, C. Rly, Mumbai
I. T. Audit	September 2007	L. S. Fabiyani, AAO A. G. (A & E)-II, Nagpur	V. A. Prasad, SO A. G. (A & E), Hyderabad

EDP COURSES (LAB II)			
Oracle 8.0 with Dev. 2000	April 2007	A. Rajshree Sudarshan, Sr. Acctt. A. G. (A & E)-II, Nagpur	Elsie Emmanuel, Sr. C. O. A. G. (A & E)-II, Nagpur
Internet, e-Mail & Power Point	May 2007	M. G. Gajbhiye, Ar A. G. (Au)-II, Nagpur	Ravi Kumar Jhariya, Clerk DA, (OF), Jabalpur
Oracle Database Administration	June 2007	M. G. Prasad, S.O. A. G. (C & RA), Hyderabad	Pola Raghunath, AAO PDCA, MAB, Hyderabad
Maintenance of Hardware and Software	August 2007	M. V. Deshpande, Sr. Ar. PDA, C. Rly, Mumbai	R. N. Umredkar, Sr. Ar. PDA, SEC Rly, Bilaspur
Akshar for Windows	August 2007	Atif Akhtar, Ar A. G. (Au)-II, Nagpur	Kunwar Toppo, Clerk DA, P & T, Bhopal
M. S. Word	August 2007	D. Kumar, Clerk A. G. (A & E), Hyderabad	Urmila Narnaware, PDA, C. Rly, Mumbai

Project 'Class to Office'

Workshop on Finance & Appropriation Accounts

- 'Transparency' is the buzzword in the Government dealings and transactions. In order to satisfy the demands of the stakeholders of Finance and Appropriation Accounts, the XII Finance Commission gave certain instructions regarding preparation of annual accounts.

- Recommendations emerged out of a workshop held on the subject were disseminated to all the user offices as a part of the workshop proceedings. They are:

- Timely correspondence with the State Governments regarding data required for periodical/annual adjustments and for inclusion in the Chapter-I of the Civil Audit Report will help in avoiding the last-minute rush and pressure.

- Staff involved in the process of preparation of annual accounts are made aware of the usefulness and potentialities of the VLC system. Accounting Sections and Central Audit Sections staff should be trained suitably to enable them to extract data from the VLC system for on-going analysis and auditing.

- Integrate data files maintained in sections involved in preparation of the Finance & Appropriation Accounts with VLC database. This will ensure accuracy and help in avoiding duplication of effort at various stages involved in preparation of the accounts.

- Strengthen and streamline the reconciliation procedure being followed by the State Government Departments.

- Instances of dispute, if any, regarding the accuracy in figures booked by the AG, could be countered with the help of certified Final Modified Grants (FMG) figures of the respective Administrative Departments.

- Establish synergy between the staff actually involved in the preparation of annual accounts in A&E office and their counter parts involved in the checking them in Audit offices. Periodical review meetings at Accountants General/Group Officers level will help in fine tuning and expediting various stages of work involved in the finalization of the accounts.

- Document and preserve the procedures and experience gathered in preparation of the accounts year after the year for future reference in the event of rotation of staff.

Case study on e-governance audit

This case study brings out a detailed review of general controls with a focus on system development controls, and IT security of an e-governance project maintained through A/S 400 system. Audit methodology for review of password parameter settings and validation checks of the application systems were discussed. The case study highlights the system's vulnerability to fraud and abuse and unearthing of a hacking attempt too. As a part of the review of IT security, Audit suggested a model security policy to the Management. Audit conducted Post Implementation Review (PIR) of the project by liaising with the users and other stakeholders of the system. The case study has rich material for teaching the concepts of system development controls and IT security.

Maintenance of Hardware and Software

In this course, the participants learnt the core concepts of hardware maintenance and troubleshooting through disassembling the components of a Central Processing Unit (CPU) and assembling them back to their original state under the guidance of an expert faculty. In the end course evaluation test, participants identified different components of a CPU to name them and list out the commonly known trouble shooters and remedies. The course proceedings contained the photographs and description of each component, besides relevant background reading material.

IT auditing in simulated environment

For better assimilation of the concepts taught in IT audit course, participants conducted IT audit in a simulated environment in the EDP lab. For this purpose, they were given information about a typical IT entity describing the organizational structure, functions, and functionaries etc., to review general control weaknesses. Application software (loaded in each PC after disabling key validation controls) was used for reviewing application controls. At the end of this exercise, spread over two to three sessions, participants presented their reports, group-wise.

THE MANDATE

Headquarters declared this institute as a Centre of Excellence in October 2003 with a mandate to act as a repository of information on the subject through developing quality reading material, case studies (national and international), research papers, and database of expert faculty and media reports. Significant developments in the matter are also to be reported through a newsletter for information to the user offices and sister institutes.

Material developed & disseminated

Case studies

- i) Cyber Crimes Vol.-I (15 cases)
- ii) Physical verification of saw mills (based on para 4.1.1 of AR 2004-05 (Civil), Govt. of Chhattisgarh).
- iii) Fraudulent payment on account of carriage of stone chips besides recovery of royalty (based on para 4.1.1 of AR 2005-06 (Civil), Govt. of Bihar).
- iv) Payment without evidence for carriage of earth. (based on para 4.1.3 of AR 2005-06 (Civil) Govt. of Bihar).
- v) Fraudulent payment on carriage of material to contractors (based on para 4.1.3 of AR 2004-05 (Civil), Govt. of Bihar).
- vi) Fraudulent drawal and expenditure (based on para 4.1.1 of AR 2000-01 (Civil), Govt. of Bihar).
- vii) Cyber Crimes - Vol. II (10 cases prepared based on the actual cases obtained [by the institute] from the Cyber Crimes cell of Mumbai Police)

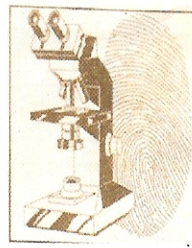
Reading material

- i) Compilation on categories of fraud
- ii) Economic Crimes
- iii) Combating Frauds
- iv) Prevention & detection of frauds (selected presentations)

Contact us for material

e-mail : rtiNagpur@cag.gov.in
Ph. (0712)-2545420, 2545816, 2545829
Fax : 0712 - 2562577

FRAUD EXAMINATION IN INDIA



Brief History continued from the previous issue.

More than 2000 years ago in ancient India, Kautilya, in his classic treatise *Arthashastra* (*Science of Material Wealth*), pointed out over 40 ways through which embezzlement of government money could take place. Some of them were listed in the last issue. The remaining are covered in this issue.

- What is payable is not paid;
 - What is not payable is paid;
 - What is realized from one source is shown as realized from another source;
 - What is payable is not paid in time;
 - What is payable is paid untimely-earlier or later;
 - What is a small gift is shown to appear as large
 - What is a gift of one sort is shown as gift of another sort;
 - What is a gift from one person is made a gift from another person;
 - What is entered in the exchequer is whisked away;
 - What has not been credited is shown as credited;
 - What new materials are not paid for are entered as items paid;
 - Those that are paid are not entered;
 - An aggregate revenue is shown as split-up;
 - Split up revenue is shown as aggregate;
 - Goods of higher value are exchanged for goods of smaller value;
 - Goods of smaller value are exchanged for goods of higher value;
 - Value of goods is inflated;
 - Value of goods is deflated;
 - Number of rights are increased;
 - Number of rights are decreased;
 - Discrepancy in years and months;
 - Discrepancy in months and days;
 - Discrepancy in the transactions carried under personal supervision;
 - Mis-posting of source of income;
 - Wrong tally of gifts made;
 - Wrong tally of works turned out;
 - Inconsistency in representing fixed items;
 - Mis-recording of test-marks and standard of fineness of gold silver;
 - Use of false weights and measures;
 - Fraud in counting articles;
 - Fraud in cubic measurement and division.
- (Concluded).

The institute had released a series of case studies, prepared based on the transaction audit paras reported in Chapter IV of various State Audit Reports. In this issue, a case study, “Fraudulent payment on account of carriage of stone chips besides recovery of royalty” prepared based on a para 4.1.1 of the Audit Report (civil) of the Comptroller and Auditor General of India for the year ended on 31st March 2006 of the Government of Bihar is discussed.

Case study in brief

The Chief Engineer Water Resources Department allotted the work of construction of Water Bound Macadam Service road on Patna main canal & work of protection/ restoration of structures of canal at Mali Rajwaha to two different contractors at a total cost of Rs1.37 crores. The Executive Engineer Irrigation Division, Daudnagar (Aurangabad), Bihar, accordingly got the works executed through the contractors. In order to get good quality of stone metal

and chips for the construction work, a clause was provided in the agreement that stone metal and chips should have been obtained from Karbandia Mines, Rohtas. The lead plan of carriage was also derived accordingly.

Audit scrutiny revealed that stone metal and chips were brought less in quantity by the contractors. Further, the chalans submitted by contractors for carriage of 3511 cu. m stone chips involving Rs.17.84 lakh were found to be fake. On enquiry by Audit, the District Mining Officer Sasaram had stated that his office had not issued any of these chalans and added that they did appear to be fake. As the material was not procured from the designated Mines, this had resulted in use of substandard material. Besides, fraudulent payment of Rs.17.84 lakhs, royalty of Rs.3.51 lakhs recoverable from the contractors were also not done.

Details of material actually transported as per the challans with those recorded in the stock book, issue register, and MBs register of challans were compared by Audit to establish the matter.

Fraud Data Interrogation Tools - A comparison

Data Analysis Features	Description	ACL	MS Excel	IDEA	MS Access
Duplicates	Identifies duplicate items within a specified field in a file. For example, this feature could be used to identify duplicate billings of invoices within the sales file.	✓		✓	✓
Export	Creates a file in another software format (for example, Excel, Word) for testing. An example would be to export customer address information to Word for “Mail Merge” ing to customer confirmation letters.	✓	✓	✓	✓
Extract/Filter	Extracts specified items from one file and copies them to another file, normally using an “if” or “where” statement. Examples include extracting all balances over a predefined limit.	✓	✓	✓	✓
Gaps	Identifies gaps within a specified field in a file. For example, identify any gaps in check sequence.	✓		✓	
Index/Sort	Sorts a file in ascending or descending order. An example would be sorting a file by identification number to see if any blank or “9999999999” numbers exist.	✓	✓	✓	✓
Join/Relate	Combines specified fields from two different files into a single file using key fields. This function is used to create relational databases on key fields. It can also be done in an unmatched fashion to identify differences between data files. It could also be used for bringing out conflict in segregation of duties by joining the tables and searching for common names.	✓		✓	✓
Regression	Regression analysis using statistical means to calculate a dependent variable balance (such as net sales) based on various independent variables (for example, product purchases, inventory levels, number of customers, etc.)		✓		
Sample	Creates random or monetary unit samples from a specified population.	✓		✓	
Statistics	Calculates various statistics on a selected numeric field. These may be total positive items, negative items, average balance, etc.	✓	✓	✓	
Stratify	Counts the number and dollar value of records of a population falling within specified intervals. Stratifications also provide a useful view into the largest, smallest, and average dollar transactions.	✓		✓	
Summarize	Accumulates numerical values based on a specified key field. An example would be summarizing travel and medical reimbursements expense amounts by employee in central audit to identify unusually high payment amounts.	✓	✓	✓	✓

“The Computer has greatly enhanced the ability to conceal fraud” -Levi Philip C.

Types of Frauds

Money Laundering - What is it?

Money Laundering is the processing of the criminal proceeds for generating ill-gotten profits or gains for an individual or a group without jeopardizing their source with a camouflage of *legitimized creation*. Huge amounts are generated out of illegal arm sales, smuggling and the activities of organized crime. Using the technique of money laundering, criminals make legal the illegally obtained money by moving it to a less attracted destination by disguising the sources, changing the form.

The *first stage* of money laundering is to deposit the illegal profits into a bank account. The *second stage* is to distance the funds from their sources by series of conversions or movements through a series of accounts even by breaking up large amounts of cash into less conspicuous smaller sums at various banks across the globe. This practice is prevalent in those jurisdictions where the anti-money laundering investigations seldom in practice. Some times, the movements are disguised as payments for goods or services so that the dealings may give a legitimate appearance. The *third stage* is integration, in which the funds re-enter the legitimate economy in the form of investments into real estate, luxury assets or business ventures.

Generally the money laundering takes place in countries or sectors where there is low risk of detection due to weak or ineffective anti-money laundering programmes.

New routes for laundering are always under constant vigil of the money launderers. Before they attempt it is ensured that these new developing financial centers fall in countries where weak or ineffective counter measures for money laundering systems does exist. The criminals also take advantage of differences between national anti-money laundering systems.

Dealing with Money laundering

The Prevention of Money Laundering Act (PMLA), 2002 was passed in the Parliament in December 2003 to prevent, combat and control money laundering. The Act provides for confiscating and seizing the property obtained from the laundered money. Directorate of Enforcement is the enforcing authority of the Act.

Many kinds of offences such as acts of terror, the perpetrators of which are not being tried presumptively under the Prevention of Money Laundering Act (PMLA) at present, may attract automatic trial under this act soon, in addition to trial under relevant acts that deal specifically with these offences requiring some amendments to the Act. These amendments, if approved by the Parliament, would amplify the scope of the PMLA and enable India to be a member of the Paris-based Financial Action Task Force (FATF), the global agency initiating money laundering laws.

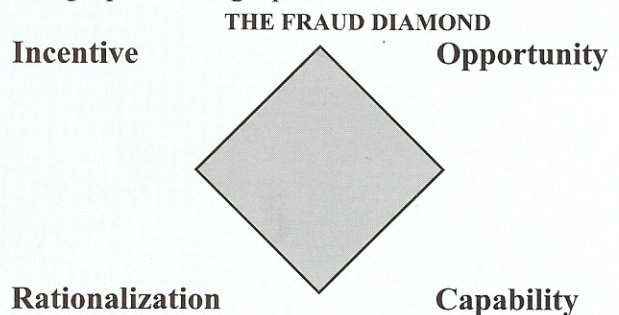
Fraud Examination

Fraud Diamond-A Different Way to Think About Fraud Risks

In the previous issue, we discussed about fraud triangle. The fraud triangle could be enhanced to improve both fraud prevention and detection by considering a fourth element. In addition to addressing incentive, opportunity, and rationalization, the four-sided "fraud diamond" also considers an individual's *capability*: personal traits and abilities that play a major role in whether fraud may actually occur even with the presence of the other three elements.

Many major frauds would not have occurred without the right person with the right capabilities in place. Opportunity opens the doorway to fraud, and incentive and rationalization can draw the person toward it. But the person must have the capability to recognize the open doorway as an opportunity and to take advantage of it by walking through, not just once, but time and time again. Accordingly, the critical question is, "Who could turn an opportunity for fraud into reality?"

Using the four-element fraud diamond, a fraudster's thought process might proceed as follows.



- *Incentive*: I want to, or have a need to, commit fraud.
- *Opportunity*: There is a weakness in the system that the right person could exploit. Fraud is possible.
- *Rationalization*: I have convinced myself that this fraudulent behavior is worth the risks.
- *Capability*: I have the necessary traits and abilities to be the right person to pull it off. I have recognized this particular fraud opportunity and can turn it into reality.

While these four elements certainly overlap, the primary contribution of the fraud diamond is that the capabilities to commit fraud are explicitly and separately considered in the assessment of fraud risk. By doing so, the fraud diamond moves beyond viewing fraud opportunity largely in terms of environmental or situational factors, as has been the practice under current and previous auditing standards.

For example, consider a PSU where the internal controls allow the possibility that revenues could be recorded prematurely by altering sales contract dates in the sales system. An opportunity for fraud exists, if the right person is in place to understand and exploit it. This opportunity for fraud becomes a much more serious problem if the company's CEO, who is under intense pressure to increase sales, has the technical skills to understand that the control weakness exists, can coerce all the concerned to manipulate the sales contract dates, and can consistently lie to analysts and board members about the company's growth. In the absence of such a CEO, the fraud possibility would never become reality, despite the presence of the elements of the fraud triangle. Thus, the CEO's capabilities are a major factor in determining whether this control weakness will ultimately lead to fraud.

"The fraud risk threat is perceived to be highest in the financial sector followed by the information, communication and entertainment sector" - KPMG Forensic, India

Red flags and Anti-Fraud Measures in Public Works - Part II

Fraud is the biggest threat the business environment faces today. Existence of strong internal controls act as the best defence shield against frauds. Expectedly, today's antifraud environment is also characterized by a decided shift from compliance-driven identification and investigation of incidents to proactive prevention and detection embedded into an organization's internal controls. To a growing extent, the stake holders are now demanding proactive antifraud programmes characterized by a strong focus on the prevention and timely detection of fraud.

Although antifraud roles vary from one organisation to another, there is general agreement that top management owns the antifraud responsibility and audit serves as a critical line of defence against the threat of fraud, with a sharp focus on risk-monitoring as well as fraud prevention and detection.

In the previous issue, an attempt was made to give a sample list of red flags and anti-fraud measures for a key activity in Public Works Audit i.e. Tendering. Some more items are covered in this issue.

Red flags (Fraud indicators)	Anti-fraud measures	
	Preventive	Detective
Negotiations held with the lowest bidder (LI)	(According to CVC's directions issued in March 2007, post tender negotiations could often be a source of corruption, there should be) no post-tender negotiations with L-1, except in certain exceptional situations	Check that the exceptional circumstances attributed are in tune with those situations illustrated by the CVC. These situations would include procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time.
Award of contract		
Abnormal delay in acceptance, holding negotiations and award of contract	According to CVC's instructions issued in March 2007, competent authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re tender and a definite timeframe should be indicated so that the time taken for according requisite approvals for the entire process of award of tenders does not exceed one month from the date of submission of recommendations. (In cases where the proposal is to be approved at higher levels, a maximum of 15 days should be assigned for clearance at each level.)	Assess the time taken at various stages of tendering and determine whether the tender could not be awarded before the validity period of the tender.
Contracts repeatedly awarded to one contractor	No work to particular contractor should be given without inviting Tenders from various Contractor and giving contract to lowest bidder who may not be always same contractor	Check whether number of contracts was given to same contractor without inviting Tender/quotation to give benefit to favoured single contractor
Work order issued without collecting security deposit and signing the agreement.	Work order should not be issued without obtaining guarantee in prescribed format and before confirmation of Bank guarantee from Bank Appropriate reasons of disqualification are described in detail.	Verify the existence of appropriate security or Bank Guarantee in prescribed format against work orders issued. Check whether reasons for disqualifying a qualified Contractor were recorded and analysed. Verify the strength of reasons recorded.
Qualified bidder declared as disqualified.		
Contractor submitted false bank guarantee or bank vouchers and it was accepted.	Unconditional guarantee is received in pre-determined format, and both guarantee and bank voucher are confirmed with the concerned bank.	Check whether the concerned authorities made enquiries with the concerned bank and if no, verify the reasons for the same.
Advance payment		
Advances made without guarantee.	Advances are made against unconditional bank guarantee. A record is maintained of details of such bank guarantees and this confirmed with the concerned bank/s.	Compare all the advances made with relevant documents showing Bank Guarantee/Security deposit.
Advances made for material not brought to the site, not related to the construction or at prices higher than agreed.	Invoice of material required for construction from suppliers registered are supplied and the quantity and quality are certified by competent authority	Compare details of Material Advances paid to or for material Contractor with the concerned receipt of Material. Check whether the material brought to site related to the construction work. Compare the prices states in the receipts with those agreed to.
Advances given for more material than is needed for the construction works as per the cost estimates.	Quantity of materials needed is worked out as per norms and cost estimates, quantity already used, and balance are considered in making advances.	Check whether advance was paid for excess material / material not required for construction.
Materials against which advance was received was used in construction works (items), included and paid in the running bills. But the cost of materials financed through advances not deducted.	Contractors' bills are checked against the stores records and the advances ledgers.	Verify whether advances paid were recovered from Running Account/bills and material received against which advance paid were actually used for construction work as per approved plan and estimates.

One in every 13 corporate houses in India suffered Fraud

Nearly one in every 13 corporate houses in India had suffered losses between Rs. 40 lakh and Rs. 4 crore due to corporate frauds while nearly half had faced such frauds in the last three years. About one in two corporates believe that at present corporate fraud is much more prevalent in India than three years ago. New technologies, new inventions and expansions into new markets have opened the door to various forms of fraud, while the threat has increased mainly because of high attrition. These were some of the major findings of a widely surveyed report on fraud perception among several top corporates around the globe by Economist Intelligence Unit (EIU) for Kroll Inc., a firm famous for fraud intelligence and investigation.

Christened Kroll Global Fraud Report, a first of its kind that surveyed nearly 900 top corporate officials, it said globally four out of five companies suffered from fraud in the last three years.

The report noted that while 60% of corporates in India and China feel vulnerable to bribery and corruption, threat to intellectual property (IP) is much more in China (at 38%) than in India (14%). Interestingly in Asia the increased threat doesn't lead to higher levels of counter measures, but it's just the opposite.

A large number of corporates feel that high staff turnover is one of the main reasons for their increased exposure to fraud. In India, several recent cases of fraud have been detected in BPO firms, known for their high attrition rates.

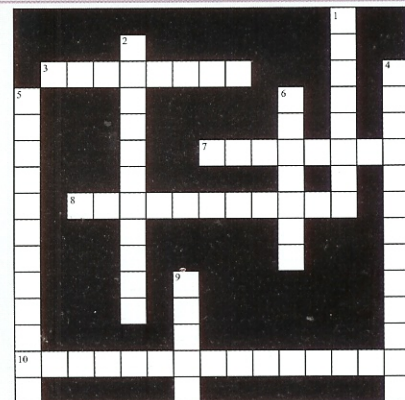
CROSSWORD - SYNONYMS OF 'CYBERCRIME'

Across

- Getting one computer on the network to pretend to have the identity of another computer (8)
- Criminals use it for meeting co conspirators (8)
- The criminal sends threats through email to the victim (11)
- The criminal sends emails containing defamatory matter to the victim (15)

Down

- Stealing your identity (8)
- Transmitting any matter which is lascivious (11)
- The criminals follows the victim by sending emails (13)
- Criminals make insignificant changes in such a manner that such changes go unnoticed (13)
- Illegal intrusion into a computer system (7)
- Fall prey to attractive offers on the network (5)



(Answers to the previous crossword on synonyms of "Fraud")

Across : 1. filmflam, 6. imposter, 7. dupery, 8. quack
Down : 2. mountebank, 3. charlatan, 4. swindle, 5. phony