

Greater Pittsburgh



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The Greater Pittsburgh Area Chapter (GPAC) of the Association of Certified Fraud Examiners Newsletter. This newsletter is sent to members of the Greater Pittsburgh Area Chapter to keep them informed of events and happenings related to the Chapter.

Ray Muth

The speaker for November was Raymond E. Muth, CPA, CISA, CISSP, CITP and President of BankLogic.Net, CPA's & Consultants. BankLogic primarily specializes in community bank IT audits and IT security assessment services.

Mr. Muth stated that electronic payments outnumber now checks. Banklogic is experienced at conducting assessments of the security of banks. The assessments of Banklogic have found the following security issues:

- Backup tapes often not encrypted
- Lack of employee training concerning social engineering
- Insufficient computer administration security
- Insufficient physical security
- Insufficient computer network security
- Missing laptops that contain sensitive information
- Worms found on bank issued computer information
- Unknown wireless network connections

Mr. Muth explained that once a wire transfer is executed, the money is gone. Phishing and social engineering has resulted in breakdowns of computer security.

Security fails in several common areas, including;

- policy factors
- hardware or software misconfigurations
- poor assumptions
- ignorance
- failure to stay up-to-date

Officers 2005-2006

President

Craig Workman, CFE

412-544-1248

craig.workman@hminsurancegroup.com

Vice President

James Fellin, CPA, CFE

412-288-9948

jfellin@nottinghamgroup.com

Secretary

Georgene Fink, CFE

412-544-1124

georgene.fink@hminsurancegroup.com

Treasurer

Kelvin Pier, CPA, CFE

412-759-8698

kpier@piersolutions.com

Director

John P. Elliott, CPA, CFE

412-624-6127

jelliott@bc.pitt.edu

Director

Carol Bertram, CFE

CBertram@PortAuthority.org

Director

Dr. Diane Matthews, CPA

412-578-6348

MatthewsDA@carlow.edu

Mr. Muth and his company conduct security assessments which ask, “Is the network secure?” and “How do we know it is secure?” Assessments may also yield clues to fraud, find mistakes or missing security updates, reveal unexpected weaknesses in the organization’s security, and ensure regulatory compliance.

Director of Education
Joshua Lefcowitz, CFE, AVA
412-284-7692 x432
jlefcowitz@alpern.com

Muth explained that network sniffing is the ability of an attacker to eavesdrop on communications between network hosts. This can be accomplished by compromising a host, installing a network sniffer, then using the network sniffer to capture sensitive data such as network credentials, and finally using the network credentials to compromise additional hosts. To reduce this type of threat, an entity should consider encryption of data, using switches instead of hubs, secure core network devices, develop policies and conduct regular scans.

In summary, Muth stated and employee training is MOST important. Keep systems up to date on security updates and service packs. Be careful with remote access packages. Disclose only essential information about your organization on websites and registrar records.

Calendar of Upcoming Events

December 13, 2006

Allegheny County District Attorney Stephen Zapalla

January 10, 2006

To Be Announced

Web Site for the Investigator:

<http://www.psp.state.pa.us/>

Pennsylvania State Police website. Reports, alerts, and useful information. The Pennsylvania State Police was created by an Act of the legislature which was signed into law by Governor Samuel W. Pennypacker on May 2, 1905. It was the first uniformed police organization of its kind in the United States.

December Speaker Allegheny County District Attorney Stephen Zapalla

The December program will feature Allegheny County District Attorney Stephen Zapalla. Mr. Zapalla has served as the District Attorney in Allegheny County since 1998.

The District Attorney is the Chief Law Enforcement Officer for the county and is responsible for seeking justice on a daily basis for the citizens of Allegheny county. In addition, the District Attorney is also charged with protecting the rights of our society and the individuals who make up that society.

The District Attorney’s office under Mr. Zapalla’s watch created specialized trial units to handle crimes such as child abuse, elder abuse and domestic violence, allowing prosecutors to take a more hands on approach to these crimes.

Mr. Zapalla may be joined by other top officials at this presentation.

This presentation will include a description of the responsibilities of the District Attorney’s office, and will include a discussion of white collar crime and public corruption. Please note the extended time-frame for this meeting from 12 Noon to 1:30 pm.

Please join us for this interesting and relevant presentation.

Fraud Fact: Internal Audit Responsibilities

The standards for the practice of internal auditing are undergoing a significant revision. In December 2000, the IIA Internal Auditing Standards Board approved the issuance of new standards. The IIA’s Guidance Task Force determined that there should be three sets of standards: Attribute, Performance, and Implementation Standards. The Attribute Standards focus on the purpose, authority, responsibility, independence, objectivity, proficiency, due professional care, and quality assurance and improvement of the audit activities. The Performance Standards describe the nature of internal audit services and provide quality criteria against which the performance of these services can be measured. The Implementation Standards expand the Attribute and Performance Standards to prescribe standards applicable in specific types of engagements across the broad spectrum of assurance and consulting activities offered by internal auditors.

Encyclopedia of Fraud

The Greater Pittsburgh Chapter Library

Title	Status
2003 Edition of the Encyclopedia of Fraud (cd)	In
2003 Edition of the Fraud Examiners Manual (cd)	In
Auditing Accounts Receivable for Fraud	In
Conducting Internal Investigations	Out
Contract and Procurement Fraud (CD Rom)	In
Cooking the Books – Video/workbook	In
Fraud Related Internal Controls	In
How Fraud Hurts You and Your Organization (cd)	In
Interviewing and Interrogation (book by Don Rabon)	In
Investigating Fraudulent Financial Transactions (2 CD-Rom set)	Out
Statement Analysis (CD Rom)	In
The Computer and Internet Fraud Manual	Out

Fraud Fact: Control Activities

Control Activities are policies and rules that provide reasonable assurance that management’s control objectives will be achieved.

Generally, control procedures fall into one of five categories:

- Proper authorization of transactions and activities
- Segregation of duties
- Design and use of adequate documents and records
- Adequate safeguards over access to and use of assets and records
- Independent checks on performance.

Fraud Related Internal Controls by the ACFE

Joint CFE/IIA Seminar

The Pittsburgh Chapters of the ACFE and IIA held a joint seminar on November 13, 2006. A synopsis of the training event will be in the next Newsletter.

The Indiana University of Pennsylvania, Department of Accounting would like to announce their 2006 Fall CPE Seminar

TOPIC: Fast Start in Forensics Financial Fraud Reporting

DATE: December 7, 2006

LOCATION:

Regional Enterprise Tower
425 Sixth Avenue, 4th floor
Pittsburgh, PA

RSVP to Duane Ponko, CPA, CFE at DPonko@aol.com

Questions? Call Duane at 724.468.6716

We look forward to seeing you at future Chapter events!