From PD's Desk

"Perfection is not attainable, but if we chase perfection we can catch excellence" says Vince Lombardi.

There are many people, who think that success and excellence are the same thing. They are not the same thing. Excellence is something that is lasting and dependable and largely within a person’s control. In contrast, success is perishable and is often outside our control. If you strive for excellence, you will probably be successful eventually. People who put excellence in the first place have the patience to end up with success. An additional burden for the victim of the success mentality is that he is threatened by the success of others and he resents real excellence. In contrast, the person that is fascinated by quality is excited when he sees it in others.

The remarkable guidance from the Chairperson of RAC and Director General( Training) , regularly revitalize us in our pathway of receiving and imparting training and motivates us to promote our skills and augment our professional knowledge.

I am particularly pleased to present the 12th issue of this institute's newsletter. The institute is proud of scaling some new heights during the last six months. The first one obviously is being instrumental in achieving 85 percent and more success in the SOG exam taken by Senior Auditors/Accountants and Asstt. Accounts Officers trained by this institute. Second is the conduct of course on “Creating of Electronic Library for collection of information” which was well received. Though the course was conducted on instructions of HQs office, this is the second institute to conduct such course for the first time.

I am sure that the institute not withstanding the usual constraints, would continue to strive for excellence for reaching higher echelons in the time to come.

Bhawani Shankar
Principal Director

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The Mandate

Headquarters declared this Institute as a Knowledge Resource Centre in ‘Audit of Fraud, Fraud Detection Techniques & Forensic Audit’ in October 2003 and "Revenue Audit" in September 2011 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.

What is new?

- Environment Day celebrated at the Institute (05-June-2012)
- First Training programme conducted on "Creation of Electronic Library for collection of information"
- Hindi Diwas Celebrated with various competitions and prize distribution.
Dr. S.R. Lihitkar, HOD, Lib. & Information Science and Shri Bhawani Shankar, Principal Director, RTI, Nagpur, with participants of course on Creation of Electronic Library

Environment Day Celebrated on 05.06.2012

Dr. Vishal Chaure, DAG and Shri Bhawani Shankar, P.D. on Hindi Diwas Celebration on 18.09.2012

Hindi Diwas Samapan on 19.09.2012

Mid year Regional Advisory Committee Meeting held on 04.10.2012

PD, RTI with staff celebrating Silver Jubilee of the Institute on 13.11.2012
Supervision should be directed both to the substance and to the method of inspection it involves ensuring that:

1. The members of the Inspection Party have a clear and consistent, understanding of the Inspection plan.
2. The Inspection carried out with the Inspection standards and guidelines of the Headquarters Office.
3. The Inspection plan and action steps specified in that plan are followed unless a variation is authorized.
4. Working papers contain evidence adequately supporting all conclusions, recommendations, and opinions.
5. The stated Inspection objectives are achieved.
6. The Inspection report includes the Inspection conclusions, recommendations, and opinions as appropriate.
7. All Inspection work should be reviewed by the Treasury Inspection party before the Inspection reports are finalized. Review brings more than one level of experience and judgment to the Inspection task and should ensure that-
8. All evaluation and conclusion are soundly based and are supported by competent, relevant, and reasonable Inspection evidence as the foundation for the final Inspection report.
9. All errors, deficiencies, and unusual matters have been properly identified, documented and either satisfactorily resolved or brought to the attention of a more senior officer of Treasury Office.
10. Changes and Improvement necessary to the conduct of future Inspection are identified, recorded, and taken into account in later Inspection plans and in staff development activities.

**Inspection evidence**

Evidence may be obtained by one or more of the following methods:

(i) Inspection of documents of assets;
(ii) Observations of processes or procedures;
(iii) Enquiry and confirmation;
(iv) Computation;

**Nature of inspection evidence:**

Inspection evidence may be documentary, visual or oral. The reliability of documentary evidence depends upon its source. Visual evidence is highly reliable for confirming the existence of assets but not their ownership

**Quality of evidence:**

Adequate documentation is important for several reasons. It will:

i. confirm and support the inspection party's opinions and reports;
ii. increase efficiency and effectiveness of the inspection;
iii. serve as a source of information for preparing reports or answering any enquiries from the entity under inspection or from any other party;

iv. serve as evidence of the treasury inspection party's compliance with inspection standard;
v. Help treasury inspection party's professional development;
vi. Help to ensure that delegated work has been satisfactorily performed and
vii. provide evidence of work done for future reference;

vi. the members of the treasury inspection party should bear in mind that the content and arrangement of the working paper should be sufficiently complete and detailed to enable experienced members of the treasury inspection party having no previous connection with the inspection subsequently to ascertain from them what work was performed to support the conclusions.

7. **The form and contents of inspection reports.**

The form and contents of all inspection reports are based on the following general principles

(a) **Title:** The report should be preceded by a suitable title or heading, helping the reader to distinguish it from statements and information issued by others.

(b) **Signature and date:** The inspection report should be properly signed. The inclusion of a date informs the reader that consideration had been given to the effect of events or transactions about which the treasury inspection party became aware up to that date.

(c) **Objectives and scope:** the report should include reference to the objectives and scope of the inspection.

(d) **Compliance with standards:** the report should indicate the inspection standard or practices followed in conducting the inspection thus providing the reader with an assurance that the inspection has been carried out in accordance with generally accepted procedures

(e) **Timeliness:** the report should be made available promptly which will be of great use to readers and users, particularly those who have to take necessary action.

8. **Planning an inspection**

The treasury inspection party should

1) Identify important aspects of the environment in which the treasury operates;
2) Develop an understanding of the accountability relationship;
3) Consider the form content and users of inspection opinions conclusion or report;
4) Specify the inspection objectives and the test necessary to meet them;
5) Determine the materiality of matters to be considered;
6) Review the internal Audit section of the treasury and its work program;
7) Determine the most efficient and effective Inspection approach;
8) Define the objective and scope of inspection;
9) Highlight special problems foreseen when planning Inspection.

(to be contd.)

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**Impact of Training**

Entry Behavior Test (EBT) are conducted at the beginning of IS-Based courses in order to access the knowledge & skill level of the participants in the subject concerned. Participant wise result of the End Course Test (ECT) are compared with the result of EBT to quantify the impact of training. A chart depicting the impact of training in respect of all IS-based courses conducted between October 2011 and March 2012 is given.

<table>
<thead>
<tr>
<th>IS-Based Courses conducted from Apr'12 to Sep'12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marks Scored</strong></td>
</tr>
<tr>
<td>120</td>
</tr>
<tr>
<td>Before Training</td>
</tr>
<tr>
<td><img src="image-url" alt="Graph Image" /></td>
</tr>
</tbody>
</table>

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OUR TOPPERS

Our 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 test. They were awarded with token mementoes and merit certificates to sustain their interest and motivational levels. Their offices were also informed about it.

<table>
<thead>
<tr>
<th>IS Courses</th>
<th>Month &amp; Year</th>
<th>First Rank</th>
<th>Second Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level -I-A (Basic Computer Skills)</td>
<td>April - 2012</td>
<td>Vashishta Kumar, DEO o/o the AG (Audit), CG, Raipur</td>
<td>Ravi Shankar, Auditor o/o the AG (Audit), CG, Raipur</td>
</tr>
<tr>
<td>MS- EXCEL</td>
<td>April - 2012</td>
<td>Vinoo Varghese, Sr. Auditor o/o the DA, P&amp;T Audit, Bhopal</td>
<td>Vishpant U. Ramteke, Jr. HT, DA, P&amp;T Audit, Nagpur</td>
</tr>
<tr>
<td>MS ACCESS (Batch-I)</td>
<td>May - 2012</td>
<td>Gaurav Shukla, AAO o/o the AG (Audit), CG, Raipur</td>
<td>Prakash Chandra Jena, DEO AG (A&amp;E), CG, Raipur</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Smt. Kavitha S. Gaurav, AAO o/o the AG (Audit-II), Nagpur</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>N. Srinivas, AAO, o/o the AG (A&amp;CRA), AP, Hyd</td>
<td></td>
</tr>
<tr>
<td>COBIT</td>
<td>May - 2012</td>
<td>B Sreerama Chandra Murty, Sr.AO o/o the PDC, MAB, Hyderabad</td>
<td>Sanjay Nitnaware, AAO o/o the AG (Audit), CG, Raipur</td>
</tr>
<tr>
<td>IDEA (Batch 1)</td>
<td>June - 2012</td>
<td>Deepak Kumar Shivhare, AAO o/o the DCA, BHEL, Bhopal</td>
<td>Smt. N. Pushpalatha, AAO o/o the PDC, MAB, Hyderabad</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Jeevan Ram Shori, AAO o/o the AG (Audit) CG, Raipur</td>
</tr>
<tr>
<td>MS-OFFICE (Batch-I)</td>
<td>June - 2012</td>
<td>Jitendra Kumar Meena, DEO o/o the PDA, WC Rly., Jabalpur</td>
<td>Sanjay Kumar, SR.AO o/o the AG (E&amp;RSA), MP, Bhopal</td>
</tr>
<tr>
<td>Akshar Naveen and Saransh Multilingual Software- (Batch-I)</td>
<td>July - 2012</td>
<td>Smt. Minakshi D. Mulchandani, Steno o/o the AG (A&amp;E-II), Nagpur</td>
<td>Aditya Bharti, DEO o/o the PDA, WC Rly, Jabalpur</td>
</tr>
<tr>
<td>Level -I- B- (IT-Audit Basic)</td>
<td>Aug - 2012</td>
<td>Smt. Madhuri Gajendra Bisne, AAO o/o the AG (Audit-II), Nagpur</td>
<td>Shri Rajneesh Chaturvedi, AAO o/o the DCA, BHEL, Bhopal</td>
</tr>
<tr>
<td>Internet, E-mail, IT-Security &amp; Powerpoint</td>
<td>Sept - 2012</td>
<td>Shri Viswanadham Sitaramu, AAO o/o the AG (A&amp;E), CG, Raipur</td>
<td>Shri A. Venkata Ramana, AAO o/o the AG (A&amp;E), CG, Raipur</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shri Bishnu Prabhakar, AAO o/o the PDA, WC Rly. Jabalpur</td>
<td>Shri Shardendu Priyadarshni, AAO o/o the PDA, WC Rly. Jabalpur</td>
</tr>
<tr>
<td>General Courses</td>
<td>Month &amp; Year</td>
<td>First Rank</td>
<td>Second Rank</td>
</tr>
<tr>
<td>Intensive Training Course on Audit of Direct Taxes*</td>
<td>Aug - 2012</td>
<td>Shri Sunil Kumar Soni, AO, o/o the PDA (C), Jaipur</td>
<td>Shri Ashutosh Awasthi, AAO o/o the DGA(C), Mumbai</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Shri Megh Raj Kumawat, AAO o/o the PDA (C), Jaipur</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Shri Rajesh Makkar, AAO o/o the DGA(CR), New Delhi</td>
</tr>
<tr>
<td>Performance Audit &amp; Thematic Audits *</td>
<td>Sept - 2012</td>
<td>Shri Ravi Shankar, AAO, o/o the AG (Audit)- II, Nagpur</td>
<td>Shri Vidit Agrawal, AAO o/o the DCA, BHEL, Bhopal</td>
</tr>
</tbody>
</table>

EVALUATION OF TRAINING

Based on participants' feedback, every training programme is evaluated and grades are awarded.
(A case study of Misappropriation of Temporary Advance prepared based on para 4.1.6 of the report of the C & AG of India for the year ended March 2007-08 Government of Bihar.)

1. Background
Failure of DDO to exercise the codal provisions led to misappropriation of Rs. 1.15 crore paid to Assistant Engineers/Junior Engineers of water Resource Department, Bihar as outlined below.

In the office of the Executive Engineer, Division No I, Sitamarhi and Rural Works Department, works Division, Buxar, temporary advance amounting to Rs. 1.15Crore (Bagmati Division No. I Rs. 33.63 lakh & Rural water Department, Works Division Buxar Rs. 81.43 lakh) paid to Assistant Engineers/Junior Engineers during the year 1996 to 2000 remained unadjusted or unrecovered till June, 2008.

2. Fraud Environment
Bihar Public Works Account code read with instructions of the Cabinet (Vigilance) Department (December1983) provides that when a disbursing officer makes remittances to a subordinate officer to enable him to make number of specific petty payments on a muster roll or other vouchers which has already been passed for payments, the amount remitted should be treated as temporary advance. The subordinate officer, to whom the advance was paid, is responsible for its accounting and should submit the account of advance within a month to Executive Engineer (EE). The Executive Engineer in turn should inform the officer concerned within 15 days regarding adjustment of advance or decision taken on the account submitted. No temporary advance should be granted without adjustment of previous advance.

3. Opportunity to prevent Fraud
Acts of Fraud explained separately could have been avoided through the following Internal Controls.
(A) Adherence to the codal provisions of Bihar Government on Public Works Account
(B) Adherence to the instructions of the Cabinet (Vigilance) Department (1983).
(C) Dishonoring of the temporary advances demanded by AEs/JEs without clearance of outstanding temporary advances.
(D) Regular follow up for clearance of outstanding advances.

4. Act of Fraud
In Bagmati Division No. I, Sitamarhi and Rural works Department, works Division Buxar an advance amounting to Rs 1.15 crore paid to AEs/JEs during the years 1996 to 2000 remained unadjusted or un-recovered till June, 2008. The advance was paid without adjusting the previous advance and retained by the AEs/JEs for years together. The outstanding amount was also not recorded in the LPC of AEs/JEs transferred from the Division.

5. Opportunity to detect & proving the Fraud
The Audit Party of the Accountant General, Bihar conducted the audit of the Monthly accounts and vouchers of the Office of the Executive Engineer Bagmati Division No. I, Sitamarhi and Rural works Department, works Division, Buxar in January 2006 found that the Drawing & Disbursing officer did not observe the rules ibid strictly which resulted into misappropriation of huge amount by AEs/JEs. The following Red-Flags helped the audit team to in substantive testing of the transactions.

6. Red Flag indicators
a) Lack of evidence of Exercising mandatory pre checks at the DDO level
b) Traces of Frequent unadjusted huge temporary advances.
c) Issue of last pay certificates (LPC) without obtaining no due certificates from account Section etc.

7. Lessons learnt
a) Failure of the Drawing & Disbursing officer to sanction/release of fresh advances without insisting clearance of outstanding advances could render all the preventive controls in the systems ineffective.
b) Reliving the AEs/JEs without mentioning position of outstanding advances against them create scope for misappropriation.

Vital Key documents

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Details of Key documents in brief</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Copy of para No. 4.1.6 of Audit report of Comptroller &amp; Auditor General of India for the Year 2007-2008. (Bihar)</td>
</tr>
<tr>
<td>2.</td>
<td>Copy of Bihar Public Works Account code.</td>
</tr>
<tr>
<td>3.</td>
<td>Statement showing the misappropriated amount of Rs. 33.63 lakh</td>
</tr>
<tr>
<td>4.</td>
<td>Statement showing the misappropriated amount of Rs. 81.43 lakh, Rural Works Division, Buxar.</td>
</tr>
</tbody>
</table>

Contact us for material

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Ph. (0712) 2545420, 2545816, 2545829
Fax : 0712 - 2562577, Web : http://rtiNagpur.cag.gov.in

"A robust fraud strategy is one that is sponsored at the highest level within a firm and embedded within the culture. Fraud threats are dynamic and fraudsters constantly devise new techniques to exploit the easiest target".

-Philip Robinson, Financial Crime Sector Leader, Financial Service Authority
Audit Evidence - The basis for the opinion expressed by the auditor in the audit report.

Auditee or Audited Body - Body or Organisation for which the Comptroller and Auditor-General is responsible for auditing.

Auditors - Officials of Indian Audit Department who perform audit work on behalf of the Comptroller and Auditor-General of India.

Audit Programme - A list of those audit procedures which should be applied to an audit activity, designed in order to meet specific audit objectives.

Audit Standards - The Government Auditing Standards which are issued by the Comptroller & Auditor General and contain basic standards with which auditors are required to comply.


SAMPLING
Contd. from previous issue

Sampling in various auditing situations
Most of the auditing situations where sampling could be useful can be classified into two categories.

1. Estimates of rate of occurrence
   In evaluating the systems and procedures the auditor may make up a sample and examine it thoroughly to find out departures from the prescribed procedures so as to determine how effective the systems is. Examples are:-
   - Errors in billing and procedure
   - Wrong entries in the stores ledger
   - Payments not properly authorized

2. Estimating an amount or quality
   An estimate regarding the value or quality of a population can also be made through sampling. Examples are:-
   - Estimating the value of book debts classified according to their age
   - Estimating the value of various categories of inventories lying in stock
   - Estimate of amount of creditors.

Techniques of statistical sampling
Attributes sampling
   Attributes sampling is a statistical method to estimate the proportion of items in a population having certain attributes or characteristic. Suppose the auditor wants to check whether sales bills are properly checked before dispatch, he would like to estimate the proportion copies of such bills which do not contain confirmation by supervisors that the bill has been checked before dispatch. Out of say 5,000 he may select 130 to examine to check how many have not been checked before dispatch.
   First step in attributes sampling is to define precisely the characteristics or attributes whose frequency or occurrences is to be measured.
   The definition of attributes it directly dependent upon the objectives of the audit test. Generally, attributes samplings is used to evaluate the effectiveness of internal control. Deviation conditions in such cases are those control failures that the auditor considers relevant for this purpose.
   The auditor should be clear about the population about which he wishes to draw conclusions through sample. From out of the population he has to determine the size of the sample to be selected. For determining the sample size the auditor needs the following three quantities:-
   1. Acceptable risk of over reliance
   2. Tolerable deviation rate
   3. Estimated population deviation rate

(to be continued)
What is SAP? (Cont. from previous issue)

Sales and Distribution Module

Maintain Pricing

SAP_LO_SD_PRICING_MAINTAIN

Tasks
This role contains functions for defining pricing, on the basis of which the prices and costs are calculated. The basis for pricing is the maintenance of conditions, with the help of which conditions can be defined, which should be a basis for calculating a price. This also includes the maintenance of conditions, when a free good (exclusive bonus quantity or inclusive bonus quantity) should be granted.

Activities in Sales and Distribution Processing (SD)
- Create/change/display condition
- Condition processing using index
- Create/change/display free good
- Create/change/display condition lists
- Process net price list
- Release expected customer price

Display Blocked Documents for Billing

SAP_LO_SD_BLOCKED_BILLING_DOC

Tasks
This role groups together activities for releasing sales documents, which are blocked for billing. You can display which sales documents are blocked for billing, and change them. You can release individual sales documents or several sales documents for billing at the same time, and change billing documents (invoices, credit memos, debit memos).

Activities in Sales and Distribution Processing (SD)
- Release sales orders for billing
- Change billing document
- List of blocked billing documents

Release Sales Orders for Delivery

SAP_LO_SD_RELEASE_FOR_DELIVERY

Tasks
This role contains all the functions you need for releasing sales orders, which are blocked for the delivery.

Activities in Sales and Distribution Processing (SD)
- Change sales order
- Block and unblock customer from sales view
- Generate lists for incomplete sales documents and for sales documents blocked for delivery.

Display Sales Information

SAP_LO_SD_SALES_DISPLAY

Tasks
This role groups together functions for displaying sales information. This includes the display of sales documents, of different lists for sales documents and item proposals, of material exclusion and material listing.

Activities in Sales and Distribution Processing (SD)
- Generate list for quotations, contracts, sales orders or scheduling agreements
- Generate list for incomplete quotations, contracts, sales orders or scheduling agreements
- Generate list of sales orders blocked for delivery
- Display sales activities, item proposals, material listing and material exclusion
- Sales support monitor

Display Billing Documents

SAP_LO_SD_BILLING_DISPLAY

Tasks
This role contains functions for displaying billing documents (invoices, credit memos, debit memos).

Activities in Sales and Distribution Processing (SD)
- Display billing document
- Display list of billing documents
- Display blocked billing documents

Sales Analysis

SAP_LO_SD_SALES_PERFORMANCE

Tasks
In this role, activities are grouped together for analysis and Controlling in Sales. This contains, for example, diverse evaluations, such as the list of the top customers or materials, flexible planning, customer information, such as sales summary, lists of inquiries, backlogged sales orders, overdue contracts or rebate agreements.

Activities in Sales and Distribution Processing (SD)
- Contracts: Lists for overdue and completed contracts
- Quotations: Lists for overdue and completed quotations
- Backorder processing: Backlog list, selection list
- Generate list for: Inquiries, rebate agreements, scheduling agreements
- Information on the customer: Sales summary, list of top customers
- Material information: List of top materials
- Sales support monitor
- Flexible planning: Display/create/change.

Credit Management in Sales and Distribution Documents

SAP_LO_SD_CREDIT_MANAGEMENT

Tasks
This role groups together all the functions which are available to you in Sales and Distribution Processing for the credit manager. This includes releasing sales and distribution documents which are blocked for credit reasons, credit authorization, diverse list functions for sales and distribution documents, deliveries and billing documents.

Activities in Sales and Distribution Processing (SD)
- Process credit authorization for sales and distribution documents
- List of released sales and distribution documents
- List of blocked sales and distribution documents
- Process credit authorization according to sales and distribution document
- Process credit authorization according to delivery
- List of incomplete sales and distribution documents
- Sales and distribution documents blocked for delivery
- Delivery monitor
- List of billing documents

(to be contd.)

"I submit that having a code of ethics that is not vigorously implemented is worse than not having a code of ethics. It smacks of hypocrisy."

-Roel C. Campos, Commissioner, US Securities & Exchange Commission
## 4. Categories of pension

<table>
<thead>
<tr>
<th>Red Flags (Fraud indicators)</th>
<th>Anti-fraud measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.2.2</strong> Entries about adjustment of three months pay and allowances from encashment of three months leave salary not sighted.</td>
<td><strong>Preventive</strong>&lt;br&gt;As per rule the amount paid towards pay and allowances in lieu of three months notice given to employee for retirement should be adjusted from encashment of leave salary.</td>
</tr>
<tr>
<td><strong>4.2.3</strong> The date of three months notice served by an employee not indicated in the service book.</td>
<td><strong>Preventive</strong>&lt;br&gt;1. As per rules a gazetted govt. employee can serve three months notice of retirement after attaining 50 years of age or 30 years qualifying service and 20 years qualifying service&lt;br&gt;2. A non-gazetted employee can retire by serving three months notice after attaining 55 years age or after completing 30 /20 years qualifying service.</td>
</tr>
<tr>
<td><strong>4.2.4</strong> A government employee under suspension allowed to retire voluntarily and the pension case has been processed.</td>
<td><strong>Preventive</strong>&lt;br&gt;As per provisions a government servant under suspension will not be allowed to retire voluntarily by the competent authority.</td>
</tr>
</tbody>
</table>

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### WEBSITE CLONING

In recent months, several instances have come to notice, were legitimate websites of bank and financial firms had been cloned and some details manipulated. The difference between the original and the faked/clone sites may be hard to identify, especially if you are unfamiliar to the legitimate website. Some faked/clone sites reproduced logos, photos and information from the legitimate site but featured a different name for the financial firm.

In all the fake/clone sites visited, there were references to the regulator and that the firm is licensed, a fake company registration number as well as a telephone number which would direct you through a call centre in a foreign country with operators impersonating employees of the fake financial entity. Contact with the fraudsters would also be encouraged by email or contact form which is an easy way for them to obtain your personal data. The aim of such websites, as with any other scam involving fraud, is to get hold of your personal information such as card details, addresses and emails and, eventually, mis-use it fraudulently. The MFSA has come across a very few number of fake/clone websites – however, there may still be hundreds if not thousands of such websites out there and you should be on the alert if you are about to provide any personal (and financial) details via an insecure website.

Here are some tips you should keep in mind when dealing with a financial entity over the internet:

- If the websites states that the company is registered by the MFSA always check the list of licence holders on the MFSA Website: http://www.mfsa.com.mt/pages/licenceholders.aspx. If a foreign jurisdiction is mentioned, check (and double check) the website of the regulator of that jurisdiction (even websites of regulators and central banks have been cloned) – never do business before checking that the company is actually registered and authorized to provide such services.
- Always beware if the website is outside the European Union as it might be practically impossible to trace your funds should there be any problems.
- Check on any search engine for further information on the company. Usually if you type the name of the company followed by the word scam or fake you would immediately be alerted if the website is not legitimate.
- Do not be impressed with logos, history and photos of CEOs and top management with fancy qualifications and experiences; these can be easily copied as the rest of the website.
- Never send your details by email or over the phone; always use a secure system using a login and password which are first verified by email.
- Beware of PO boxes, free-to-use email addresses and foreign telephone numbers.
- Participants in the Maltese Depositor Compensation Scheme can be checked online on http://www.compensationschemes.org.mt/pages/default.aspx. Check the website of the foreign scheme if a non-Maltese jurisdiction is mentioned.
- Scammers cheat people out of their money. The MFSA’s role is to educate consumers about scams involving financial products and services. However, the MFSA is unable to investigate fraudsters – that is the role of the police. Remember: if an offer is too good to be true, then it probably is. So be careful!

MFSA - Mozilla Foundation Security Advisories