

Fraud, Cyber and Modern Slavery

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**Caution
Fraud
Ahead**

Why is fraud risk increasing?



Prevent > Detect quickly > Detect slowly

Prevention

- Processes
- People
- Culture

Clear reporting lines

- 43% of frauds detected by a tip off
- Open communication with superiors
- Independent hotline

Training

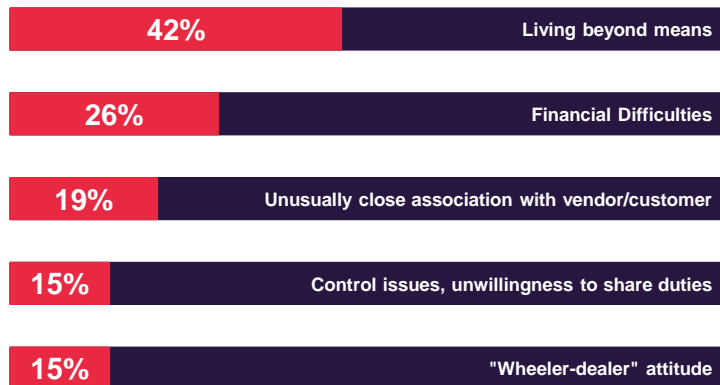
- 85% of frauds had exhibited one or more 'red flags'
- Do your staff know what they are?
- Change in behaviour

Red Flags



In 85% of cases
fraudsters displayed
at least one
behavioural red flag.

The five most common red flags were:



Source: ACFE Report to the Nations 2020

What to remember

1 Prevention is better than cure

2 Train your staff so they can recognise red flags

3 Develop an open culture where people will speak up

4 Have clear reporting lines and socialise them with your staff so they know what to do

Cyber security update

- COVID19 being exploited
 - Remote working shift
 - Spike in attacks
- Ransomware renaissance
 - Big attacks
 - New threats
- Cyber risk profile and CPS234



Cyber and COVID19

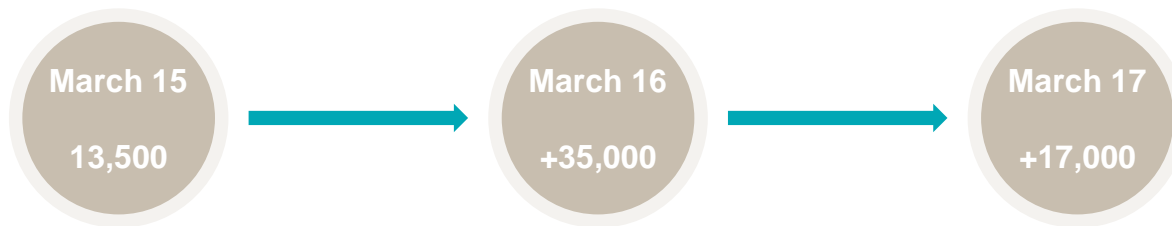
Roundup: COVID-19 pandemic delivers extraordinary array of cybersecurity challenges

COVID-19 cyber scams mount against Australians

DocuSign Phishing Campaign Uses COVID-19 as Bait

Cyber and COVID19

- Campaigns
 - Spam/opportunistic detections up by 26.3%
 - Impersonation detections up by 30.3%
 - Malware detections up by 35.2%
 - Blocking of URL clicks up by 55.8%
- Suspicious sites registered



Ransomware

- New campaigns
- Prominent organisations impacted recently
 - Toll, Bluescope, Service NSW, MyBudget
- Higher ransom demands (millions)
- Not just encrypting data, now stealing data
- Releasing data on the dark web
- Insurance policies maxing out

Cyber risk profile and CPS234

1 Risk profile has changed significantly e.g. home Wi-Fi, BYOD

2 Training and awareness – is it time for a refresher?

3 Major systems changes – have you tested them?

4 3rd party provider reliance increasing, is your due diligence?

5 Does your cyber risk profile, strategy and control environment reflect current circumstances?

What Modern Slavery looks like today

Modern slavery happens at the most extreme end of the working spectrum. It involves the gravest abuses of human rights and serious crimes, having severe and often lifelong consequences for its victims.

Modern Slavery is outlawed under the **Commonwealth Criminal Code** sections 270 (to possess a person under slave like conditions) and 271 (sexual servitude). These offences apply in Australia and overseas, hence a person that knowingly possesses a person under slave like conditions overseas, is still guilty of an offence under the Commonwealth Criminal Code.

Modern slavery can involve:

- Forced, bonded and child labour;
- Sexual Exploitation;
- Human Trafficking;
- Debt bondage.

This may include instances where workers:

- Cannot refuse or cease work because of coercion or threats;
- Are forced to surrender their passports upon arrival in a new country;
- Are forced to repay fictional loans, loans with excessive interest or inherited debts;
- Subject to Government or prison labour;
- Underpayment payment of wages.

Modern slavery is also often a precursor to, or goes hand-in-hand with, other criminal activity. This may include activities as **money laundering** (using the proceeds of modern slavery), **drug trafficking**, **illegal prostitution and bribery**.



40m

People living as slaves in the world today.



4,000

The number of people estimated to be living under slavery in Australia.



\$150bn

The estimated value of the modern slavery industry.



1 in 4

Victims of modern slavery are children.

Legislative requirements of Modern Slavery Act

The introduction of the Modern Slavery Act (the Act) has implications for all companies, not just those subject to the reporting threshold in the Act.

Legislative Background

In 2018 the Australian Government passed the Commonwealth *Modern Slavery Act 2018 (the Act)*, which entered into force on 1 January 2019. The Act establishes a national Modern Slavery reporting requirement for entities with **consolidated revenue of \$100m or more**.

The legislation affects around **3,000 large Australian organisations** and follows similar legislation that was passed in the UK in 2015 and that of other jurisdictions around the world.

What are companies required to report?

Companies must prepare an **annual Modern Slavery Statement** identifying risks of modern slavery in their operations and supply chain and what actions they have taken to address these risks.

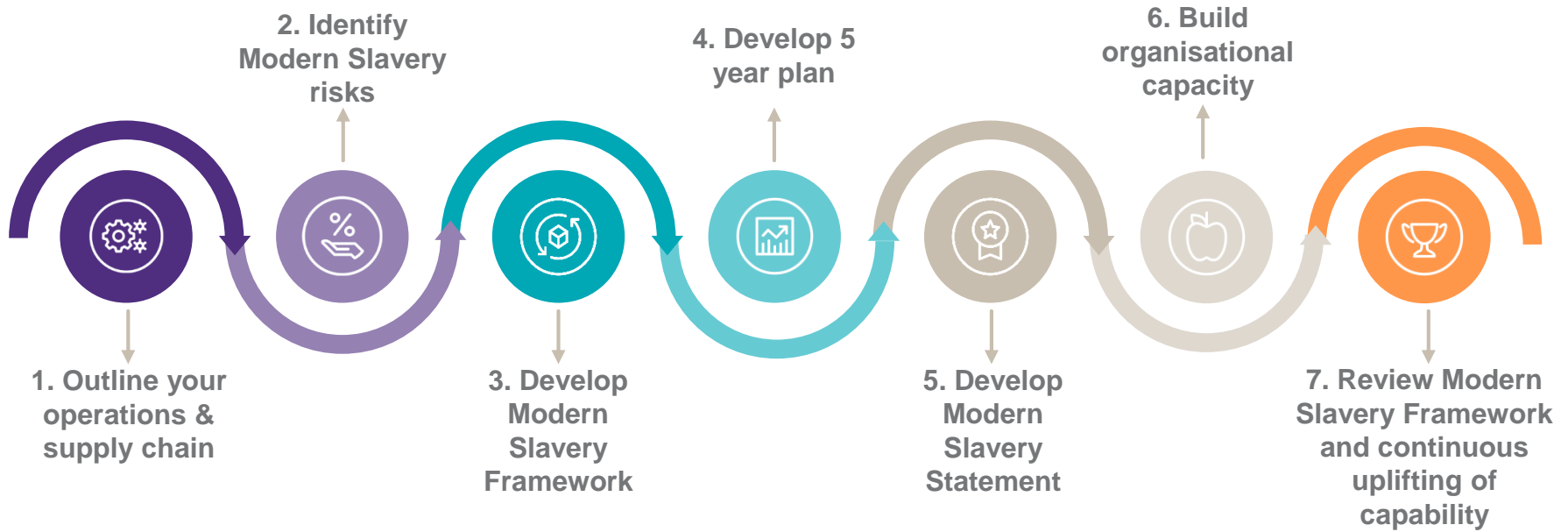
Implications of non-compliance

- No financial penalties
- Entities that fail to provide a statement can be publicly named by the Minister for Home Affairs
- All Modern Slavery statements will be made publicly available
- Failure to comply, or give effect to the intent of the legislation, may result in reputational damage
- NSW Modern Slavery Act 2018 has a maximum penalty of \$1.1m but not enacted yet

Elements of Modern Slavery Statement



Roadmap to meeting the reporting requirements of Modern Slavery Act



Timeline to prepare first Modern Slavery Statement

1 January 2019

1 July 2019

30 June 2020

31 December 2020



Modern Slavery Act enacted.

First reporting period commences.

First reporting period ends.

First Slavery Statement due.

Thank you

Questions

If you would like to find out more, please get in touch.



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