

MEMORANDUM

To: Customers *Fraud Control: Audit and Risk Management*

From: Sheshunoff Information Services

Subject: Highlights

Thank you for participating in Sheshunoff's automatic update program. Enclosed is the latest update to *Fraud Control: Audit and Risk Management*. Fraud is a growing problem for financial institutions. The increase in fraud is difficult to track, since there is no central reporting of fraud statistics specifically for financial institutions. However, based on anecdotal evidence, there has been a significant rise in criminal activity related to identity theft as the value of identities has risen on the black markets. *Fraud Control: Audit and Risk Management* will help your bank stay one step ahead.

This update includes new and revised materials on the following topics:

- *Auditing Standard No. 6*. On January 29, 2008, the PCOAB adopted Auditing Standard No. 6, Evaluating Consistency of Financial Statements, and an accompanying set of amendments to the PCOAB's interim auditing standards. See Chapter 2.
- *Customer information management*. New Chapter 10 discusses some of the critical fraud prevention methods and procedures for handling requests for customer information, signing up customers for online banking, ACH transactions, and electronic document delivery, and online banking authentication security.
- *Managing fraud risks in outsourced arrangements*. New Chapter 11 discusses fraud risk control procedures for third-party relationships. In addition to these procedures, review Exhibit 11.1, Supervision of Technology Service Providers Examination Planning Workprogram, for the issues that examiners will consider in reviewing your institution's relationships with technology service providers.