Compliance LLC

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Web: www.compliance-llc.com

Sarbanes Oxley Training: www.sarbanes-oxley-training.com
Basel ii Training: www.basel-ii-training.com
Web sites include:
www.sarbanes-oxley-act.biz
www.basel-ii-accord.com
www.compliance-training.net
www.legal-risk.com
www.mesothelioma-and-asbestos.org (research project)

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Compliance LLC

Consulting and Training Services

**Thank you for sharing your expertise on IT Governance with our staff and customers. Our participants have benefited greatly from these sessions.
(In-House Compliance Training to Presales, Sales and IT staff, and Keynote to Customer Event, Singapore, 2006)**
Vera Chia
Marketing and Corporate Communications Specialist
Frontline Technologies Corporation Ltd
750 Chai Chee Road, #02-01/03 Technopark @Chai Chee
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A. *We are different*: Message from George Lekatis, General Manager and Chief Compliance Consultant of Compliance LLC

Compliance LLC

Dear reader,

Thank you for taking the time to learn more about us.

I am sure that you know many consultants. Perhaps, you would prefer not to meet again some of them.

- Consultants often charge huge fees for translating common sense into grotesque jargon.
- Consultants sometimes are good generalist problem-solvers but often they lack the deep knowledge and the specialized expertise that clients are demanding.
- Consultants often are "product-focused" rather than "solution-focused". They have ready products to sell, whatever is your problem. They are often obliged to sell hardware and software – the products of their company or holding company.
- Some experts are very good to sell consulting services. Once the contract is signed, these experts usually go to sell another project. Less experienced consultants are in fact responsible for the implementation.
- Consultants often try to find evidence (or "killer findings") in order to cut the loyalty bond between the client and their people. This is a way to make the client dependent on them.
- When a consulting firm is known to be coming into a company, there is a considerable concern and alarm amongst the company's employees because they are afraid that one of the results will be that many people will lose their jobs.

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- **You hire specific persons, not "consultants". If you trust one of our consultants, we will write his name in our contract. He/She will deliver the project, nobody else.**
- **We never recommend firing your employees. We believe that you must train them and trust them. Your people will make the difference for your company, not consultants and providers.**
- **Our policy: Fixed fees, fixed terms. You know the exact final cost. Everything is included in this price (expenses, flights, tax etc.). There is no exception – you know exactly the cost. Consulting or training, it will never cost more. For example, when I lead a project, I charge $18,000 per week (any place in Europe, Asia or America - final cost, includes tax, expenses, hotels, flights, everything). I need 1 to 2 weeks for compliance assignments included in this catalog. A great value for money, especially for compliance assignments in Asia and Europe.**
- **We are compliance experts and we offer only compliance consulting and training.**

Thank you again for your time. I look forward to meeting you, in order to discuss your compliance needs. We will do our best to meet your expectations.

Sincerely,

George Lekatis
General Manager and Chief Compliance Consultant
Compliance LLC

About George Lekatis

George Lekatis is a senior risk and compliance consultant, certified trainer, and general manager of Compliance LLC, a leading international provider of Sarbanes Oxley and Basel ii training and consulting. Having worked as an executive employee and a business owner, he has improved operations, solved problems, and increased profitability.

George has worked as director of network security and computer forensics, and IT director. He has managed several teams that examined system vulnerabilities and possible threats, and then applied safeguards (technical and administrative) to defend against potential attacks on a cost-effective basis. Designed, reviewed and implemented IT, security and compliance solutions for companies and organizations of the public and the private sector. George has acted in the role of a Sarbanes Oxley, risk and compliance Subject Matter Expert. He has

documented processes, performed walkthroughs, identified, analyzed and evaluated Information Technology risks to strengthen internal controls related to Sarbanes-Oxley and Basel II compliance.

George has more than 16,000 hours experience as a professional speaker and seminar leader. Has worked for more than 10 years as an executive consultant and educator and has demonstrated exceptional presentation and communication skills.

A recognized expert, George has lectured several times at many international IT and information security conferences, and led security training seminars in the United States of America, Europe and Asia. He has created a flexible Awareness and Training Compliance curriculum providing learning paths individually suited to the needs of each sector of organizations (executive management, IT, security, sales and marketing, administration).

George Lekatis is an expert witness, qualified to investigate and testify about best practices, standards, Sarbanes Oxley and Basel ii compliance, due care and due diligence. A computer forensics examiner, George assumes the following roles in a legal action:

1. Consulting Expert. George investigates the case, explains technology to the legal team and advices on strategy.

2. Testifying Expert. George has the education, training, experience and credibility to explain how and why things happened.

George is Mathematician, Certified Information Systems Security Professional (CISSP), CISSP Lead Instructor, Steganography Investigator, Internet Security Systems (ISS) Certified in Internet Scanner, Database Scanner and System Scanner, Checkpoint Certified Security Administrator (CCSA), Microsoft Certified System Engineer certified in Windows NT and Windows 2000 (MCSE), Microsoft Certified Trainer (MCT).

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B. Sarbanes-Oxley / Basel ii Compliance Consulting

B1. *Sarbanes-Oxley / Basel ii Compliance and Product Repositioning* for vendors, suppliers and service providers.

Sales teams struggle to achieve targets. This is because many times suppliers fail to stand in the shoes of executives and experience the business challenges their customers face. Competition is fierce and sales cycles can be long.

But, there are some exceptions to the rule. Senior management has new needs and the highest value opportunities come from selling at the C-Level.

Position your company's value in terms of solutions to issues that C-level executives face. Compliance is a "must have". Availability, security, better IT services… very nice, but, yes, all these are "nice to have".

We will work for one week in your headquarters of your regional offices. At the end of this week, we will give you our assessment and a presentation with our recommendations. We will help you understand the new market opportunities. We will discuss how you can use compliance as a selling point. How you can adapt and stay ahead of changes. How compliance can make you a market leader. How to reposition your products and services. How to and differentiate these products and services from the competition.

Example:
Persons needed: 1
Consultant: George Lekatis
Time needed: One week
Place: USA, Europe, Asia
Fixed Fee: The total cost is $18,000. Everything is included (fee, expenses, tax etc.)
(For other consultants the fee may be different)

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B2. Sarbanes-Oxley / Basel ii Compliance Assessment

In order to determine the weaknesses in your Sarbanes Oxley / Basel ii effort, a confidential SWOT analysis (Strengths, Weaknesses, Opportunities and Threats Analysis) of your current compliance situation is necessary. This will give us the knowledge needed to build on the strengths of the previous program, correct weaknesses isolating the areas we need to focus on and protect against vulnerabilities and threats.

The key steps in conducting a SWOT analysis of your current compliance situation include:

1. To create lists of strengths, weaknesses, opportunities and threats.

2. To review each category separately and to analyze the potential implications to the organization.

3. To conduct problem analysis. We will analyze weaknesses and determine the root causes. We never blame people – we only identify appropriate solutions (for example, training).

Data Collection

Choosing the appropriate structure and adherence to faithful representation of the facts (agreement about anonymity, for example) are critical in obtaining unbiased feedback.

Data Collection Methods

The following data collection methods will be used in order to collect all the necessary information.

Method 1: Surveys and Questionnaires

Open-ended questions give the opportunity of valuable feedback. They begin with words such as "why" and "how" or phrases such as "What do you think about. They are valuable because they lead employees to think analytically and critically, giving greater freedom of expression and avoiding bias due to limited response ranges.

Open-ended questions allow respondents to include more information, including feelings, attitudes and understanding of the subject. This allows researchers to better access the respondents' true feelings on an issue.

Closed-ended questions limit respondents' answers. Employees are allowed to choose from either a pre-existing set of answers, such as yes/no, true/false, or multiple choice with an option for "other" to be filled in, or ranking scale response options. They are quick to answer and easy to code.

Method 2: Interviews and Focus Groups

Interviews and focus groups will be used to gather detailed, qualitative descriptions of how programs operate and how stakeholders perceive them.

Research has shown that individual interviews are the most effective means for getting feedback. They will be conducted one-on-one, while focus groups are conducted in small groups. Both are usually conducted with targeted samples of stakeholders. Interviews can yield valuable insights that may have been overlooked in a formal survey. The questions will be open-ended, which gives participants freedom to answer, and an experienced facilitator will keep people focused on the topic. Questions are generally open-ended and responses are documented in thorough, detailed notes or transcription. However, some interviews will use structured quantitative response categories.

Method 3: Observations

Observations are a generally unobtrusive method for gathering information about how the program or initiative operates. They will be conducted by external evaluators and will be used to verify and supplement information gathered through other methods.

Most observations will be highly structured, with protocols for recording specific behaviors at specific times. Some observations will be unstructured, taking a "look-and-see" approach.

The following types of observation will be used:

A. Participant Observation

It is one of the most important methods for qualitative data collection. The researchers become participants in the culture or context being observed.

B. Direct Observation

Direct observers will not try to become participants in the context. However, they will strive to be as unobtrusive as possible so as not to bias the observations. The researchers will be watching rather than taking part. Direct observation tends to be more focused than participant observation

C. Unstructured Interviewing

Unstructured interviewing involves direct interaction between the researcher and a respondent or group. It differs from traditional structured interviewing in several important ways: There is no formal structured instrument or protocol. The interviewer is free to move the conversation in any direction of interest that may come up.

Method 4: Tests and Assessments

Tests and assessments will be developed and used specifically for the program evaluation to quantify characteristics of the program and outcomes. It is a simple, reliable, and valid way to measure whether a program has impact. Using the same data collection method to gather information before the start of the program and after its completion (also known as a pre/post tests, containing gap-filling, construction in context and error recognition questions) provides the opportunity to determine whether some characteristic changed during the course of the program.

Method 5: Document Reviews

Document reviews will analyze existing program records and other documents not gathered or developed specifically for the evaluation.

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B3. Sarbanes-Oxley / Basel ii Needs Analysis

In order to determine the compliance needs, we will conduct a needs assessment. This systematic exploration of the way things are and the way they should be is the systematic basis for decisions about how to improve the current situation.

The key is to seek the gap between the current situation and the desired situation and then to focus resources where they're most needed.

GAP Analysis

The first step is to check the actual performance of people against existing standards. Special consideration is needed in order to understand the actual needs that are not always the same as perceived needs, or "wants". This analysis will also examine the organizational goals, climate, and internal and external constraints.

Priorities and Importance

GAP Analysis will produce a list of needs. Our next step is to examine these in view of their importance to the organizational goals, realities, and constraints.

Identifying causes of problems and possible solutions

We have prioritized and focused on critical needs. Our next step is to identify specific problem areas and opportunities in the organization.

Compliance LLC

C. Sarbanes-Oxley / Basel ii Compliance Training

George Lekatis is an experienced trainer. He designs, develops and tailors his seminars to meet specific needs and presents in clear terms using analogies and case studies.

George's seminars range from 2 hours to 5 days. Include visual aids, labs, comprehensive workbooks, case study and analysis, group discussion.

George's seminars include:

Sarbanes Oxley Training: Impact on IT and Information Security (3 days)

Basel ii Training: Impact on IT and Information Security (3 days)

Sarbanes Oxley Training: Impact on Sales and Marketing (3 days)

Basel ii Training: Impact on Sales and Marketing (3 days)

Sarbanes Oxley and Basel ii Training: Impact on IT and Information Security (5 days)

Sarbanes Oxley and Basel ii Training: Impact on Sales and Marketing (5 days)

These seminars can be tailored to your needs.

The purpose of these seminars:

To answer questions

To solve problems

To affect professional life

To increase effectiveness and productivity

Compliance LLC

Course Title
Sarbanes-Oxley Compliance Training:
Impact on IT and Information Security
3 days

Objectives:
The seminar has been designed to provide with the knowledge and skills needed to understand and support Sarbanes-Oxley compliance.

Target Audience:
This course is recommended for all managers and professionals who need to understand and speak the specialized language of Sarbanes Oxley compliance, which must become the common language throughout their organization.

This course is highly recommended for:
- C – Level Executives
- IT and Information Security Directors, Managers and Professionals
- Chief Risk and Compliance Officers
- IT and Security Process Owners
- Network, System and Security Administrators
- IT Auditors
- IT, Security and Management Consultants

Duration:
3 Days, 09:00 to 17:00 each day. The third day from 17:15 to 19:00hrs we will discuss your issues and questions.

Course Synopsis:

- The Sarbanes Oxley Act
- The Need
- US federal legislation: Financial reporting or corporate governance?
- The Sarbanes-Oxley Act of 2002: Key Sections
- SEC, EDGAR, PCAOB, SAG
- The Act and its interpretation by SEC and PCAOB
- PCAOB Auditing Standards: What we need to know
- Management's Testing
- Management's Documentation
- Reports used to Validate SOX Compliant IT Infrastructure
- Documentation Issues
- Sections 302, 404, 906 and the three certifications
- Sections 302, 404, 906: Examples and case studies

- Management's Responsibilities
- Committees and Teams
- Project Team – Section 404: Reports to Steering Committee
- Steering Committee – Section 404: Reports to Certifying Officers and cooperates with Disclosure Committee
- Disclosure Committee: Reports to Certifying Officers and cooperates with Audit Committee
- Certifying Officers and Audit Committee: Report to the Board of Directors
- Control Deficiency
- Deficiency in Design
- Deficiency in Operation
- Significant Deficiency
- Material Weakness
- Is it a Deficiency, or a Material Weakness?
- Reporting Weaknesses and Deficiencies
- Examples
- Case Studies
- Public Disclosure Requirements
- Real Time Disclosures on a rapid and current basis?
- Whistleblower protection
- Rulemaking process
- Companies Affected
- International companies
- Foreign Private Issuers (FPIs)
- American Depository Receipts (ADRs)
- Types of ADR programs
- Employees Affected
- Effective Dates

- **Internal Controls - COSO**
- The Internal Control — Integrated Framework by the COSO committee
- Using the COSO framework effectively
- The Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring
- Effectiveness and Efficiency of Operations
- Reliability of Financial Reporting
- Compliance with applicable laws and regulations
- IT Controls
- IT Controls and Sarbanes Oxley Act Relevance

- Program Development and Program Change
- Deterrent, Preventive, Detective, Corrective, Recovery, Compensating, Monitoring and Disclosure Controls
- Layers of overlapping controls

- **COSO Enterprise Risk Management (ERM) Framework**
- **Is COSO ERM needed for compliance?**
- **COSO AND COSO ERM**
- **Internal Environment**
- **Objective Setting**
- **Event Identification**
- **Risk Assessment**
- **Risk Response**
- **Control Activities**
- **Information and Communication**
- **Monitoring**
- **The two cubes**
- **Objectives: Strategic, Operations, Reporting, Compliance**
- **ERM – Application Techniques**
- **Core team preparedness**
- **Implementation plan**
- **Likelihood Risk Ranking**
- **Impact Risk Ranking**

- **COBIT - the framework that focuses on IT**
- **Is COBIT needed for compliance?**
- **COSO or COBIT?**
- **Corporate governance or financial reporting?**
- **Executive Summary**
- **Management Guidelines**
- **The Framework**
- **The 34 high-level control objectives**
- **What to do with the 318 specific control objectives**
- **COBIT Cube**
- **Maturity Models**
- **Critical Success Factors (CSFs)**
- **Key Goal Indicators (KGIs)**
- **Key Performance Indicators (KPIs)**
- **How to use COBIT for Sarbanes Oxley compliance**

- **The alignment of frameworks**
- **COSO and COBIT**
- **COSO ERM and COBIT**
- **ITIL and COBIT**
- **ISO/IEC 17799:2000 and COBIT**
- **ISO/IEC 15408 and COBIT**
- **COSO, COBIT and Sarbanes-Oxley Sections 302 and 404**

- Sarbanes Oxley and other compliance projects
- European answer to SOX
- Integrating SOX IT security with other regulations
- Aligning Basel II operational risk and Sarbanes-Oxley 404 projects
- Common elements and differences of compliance projects
- New standards
- Multinational companies and compliance issues
- US federal legislation and state law. The US constitutional challenges
- From the 1929 Companies Act (UK) to the 1933 Securities Act (USA) to Sarbanes Oxley: The need to avoid a federal intrusion into state reserved matters
- Auditing in the USA and in UK: Very important differences

Cost - Fixed fee
In-company Training Courses - Fully tailored training
The total cost for 3 days training is $14,000 for teams from 2 to 30.
Everything is included in this price (expenses, flights, tax etc.). George Lekatis will work on your premises or at a venue of your choice, in the States, in Europe or in Asia.
The total cost for 5 days training is $18,000 for teams from 2 to 30.
Everything is included in this price (expenses, flights, tax etc.). George Lekatis will work on your premises or at a venue of your choice, in the States, in Europe or in Asia.

Thank you very much for your training. It was very informative and helpful
Minako Bowden
Enterprise Services Delivery, Solutions Delivery Group
Fujitsu Asia Pte Ltd, Singapore (Sarbanes Oxley class, Singapore)

The instructor is great, the best I have ever seen
Ram Herkanaidu
Kaspersky Lab UK (Sarbanes Oxley class, London, UK)

Very much enjoyed the course. It was well presented and it met my expectations exactly
Lynn Kimberley
Xansa, UK (Sarbanes Oxley class, London, UK)

I would like to express my pleasure and satisfaction for all your excellent efforts & good work in the SOX Training
Vikas Leekha
CCNA , CCSA, CCSE, CISSP, BS7799 Lead Auditor, Senior IT Security Specialist
Philips Morris International
(Sarbanes Oxley class, Singapore)

Compliance LLG

The New Basel Capital Accord (Basel II):
Impact on IT and Information Security
3 days

Objectives:
The seminar has been designed to provide with the knowledge and skills needed to understand and support Basel II compliance.

Target Audience:
This course is intended for IT and risk managers and professionals from Banks, Financial Institutions, Multinational Corporations, Supervisory Agencies.

This course is recommended for all managers and professionals who need to understand and speak the specialized language of Basel compliance, which must become the common language throughout their organization.

This course is highly recommended for:
- C – Level Executives and Boards of Directors
- IT and Information Security Directors, Managers and Professionals
- Chief Risk and Compliance Officers
- IT and Security Process Owners
- Network, System and Security Administrators
- IT Auditors
- IT, Security and Management Consultants

Duration:
3 Days, 09:00 to 17:00. The third day from 17:15 to 19:00hrs we will discuss your issues and questions.

Course Synopsis:

- **The Bank for International Settlements (BIS)**
- The Basel Committee on Banking Supervision
- From the Young Plan (1930) to Basel II
- Regulatory supervision of internationally active banks
- The failure of the Bankhaus Herstatt and the crisis of confidence

- **First Basel Capital Accord**
- Formulating broad supervisory standards and guidelines
- Regulatory and economic capital
- Important objectives

- **1980s: The capital ratios of the main international banks are deteriorating**
- **Credit Risk**
- **Assets are weighted by factors**
- **On-balance sheet engagements**
- **Off-balance sheet engagements**
- **Examples of capital requirements**
- **December 1987: The Basel Capital Accord approved by the G10**
- **Basel I amendments**

- **The New Basel Capital Accord (Basel II)**
- **Realigning the regulation with the economic realities of the global banking markets**
- **New capital adequacy framework replaces the 1988 Accord**
- **Improving risk and asset management to avoid financial disasters**
- **"Sufficient assets" to offset risks**
- **The technical challenges for both banks and supervisors**
- **How much capital is necessary to serve as a sufficient buffer?**
- **The three-pillar regulatory structure**
- **Purposes of Basel II**
- **Scope of the application**
- **Pillar 1: Minimum capital requirements**
- **Credit Risk – 3 approaches**
- **The standardized approach to credit risk**
- **Claims on sovereigns**
- **Claims on banks**
- **Claims on corporates**
- **The two internal ratings-based (IRB) approaches to credit risk**
- **Some definitions: PD - The probability of default, LGD - The loss given default, EAD - Exposure at default, M – Maturity**
- **5 classes of assets**
- **Pillar 2: Supervisory review**
- **Key principles**
- **Aspects and issues of the supervisory review process**
- **Pillar 3: Market discipline**
- **Disclosure requirements**
- **Qualitative and Quantitative disclosures**
- **Guiding principles**
- **Employees Affected**
- **Effective Dates**

- **Framework for internal control systems in banking organizations - Basel Committee on Banking Supervision**
- **The 13 Principles for the Assessment of Internal Control Systems**
- **The 13 Principles and COSO**
- **The control environment**
- **Risk assessment**
- **Control activities**
- **Information and communication**

- Monitoring
- Types of control breakdowns typically seen in problem bank cases
- The objectives and role of the internal controls framework
- The major elements of an internal control process
- Evaluation of internal control systems by supervisory authorities
- Role and responsibilities of external auditors
- Supervisory lessons learned from internal control failures

- **Operational Risk**
- What is operational risk
- Legal risk
- Information Technology operational risk
- Operational, operations and operating risk
- The evolving importance of operational risk
- Quantification of operational risk
- Loss categories and business lines
- Operational risk measurement methodologies
- Identification of operational risk
- The Delphi method

- **Operational Risk Approaches**
- Basic Indicator Approach (BIA)
- Standardized Approach (SA)
- Alternative Standardized Approach (ASA)
- Advanced Measurement Approaches (AMA)
- Internal Measurement Approach (IMA)
- Loss Distribution (LD)
- Standard Normal Distribution
- "Fat Tails" in the normal distribution
- Expected loss (EL), Unexpected Loss (UL)
- Value-at Risk (VaR)
- Value-at Risk and Basel I amendment, 1996
- Value-at Risk and Basel II
- Calculating Value-at Risk
- Monte Carlo simulations
- Monte Carlo limitations
- Extreme Value theory
- Scoreboards
- Stress Testing
- Stress testing and Basel
- (AMA) Advantages / Disadvantages
- Recognition of the firms' own modelling of operational risk losses
- "Weak banks", internal and external audit and sound practices for operational risk
- Self assessment
- Key Risk Indicators
- Operational Risk Measurement Issues
- The game theory

- The prisoner's dilemma – and the connection with operational risk measurement and management
- Operational risk management
- Operational Risk Management Office
- Key functions of Operational Risk Management Office
- Key functions of Operational Risk Managers
- Key functions of Department Heads
- Internal and external audit
- Operational risk sound practices
- Operational risk mitigation
- Insurance to mitigate operational risk

- **Third-party service providers and vendors**
- Redefining outsourcing
- Outsourcing services and Basel II compliance
- The new definition of outsourcing
- Outsourcing after Basel II
- Offshore outsourcing is also redefined
- Key risks of outsourcing
- What is needed from vendors and service providers

- **Basel II and other regulations**
- Basel and other regulations
- Governance issues
- Capital Requirements Directive (CRD)
- Markets in Financial Instruments Directive (MiFID)
- What will be the impact of MiFID to EU and non EU banks?
- Aligning Basel II operational risk and Sarbanes-Oxley 404 projects
- Common elements and differences of compliance projects
- New standards
- Disclosure issues
- Multinational companies and compliance challenges

Cost - Fixed fee
In-company Training Courses - Fully tailored training

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Sarbanes Oxley and Basel II...
...engaged in both projects?

Course Title
Sarbanes Oxley and Basel II Compliance Training:
Impact on IT and Information Security
5 days

Objectives:
The seminar has been designed to with the knowledge and skills needed to understand and support Sarbanes Oxley *and* Basel II compliance.

Target Audience:
This course is recommended for all managers and professionals who need to understand and speak the specialized languages of Sarbanes Oxley and Basel compliance, which must become the common language throughout their organization.

This course is highly recommended for:
- C – Level Executives
- IT and Information Security Directors, Managers and Professionals
- Risk and Compliance Officers
- IT and Security Process Owners

- **Network, System and Security Administrators**
- **IT Auditors**
- **IT, Security and Management Consultants**

Duration:

5 Days, 09:00 to 17:00. The last day from 17:15 to 19:00hrs we will discuss your issues and questions.

Course Synopsis:

- **The Sarbanes Oxley Act**
- **The Need**
- **US federal legislation: Financial reporting or corporate governance?**
- **The Sarbanes-Oxley Act of 2002: Key Sections**
- **SEC, EDGAR, PCAOB, SAG**
- **The Act and its interpretation by SEC and PCAOB**
- **PCAOB Auditing Standards: What we need to know**
- **Management's Testing**
- **Management's Documentation**
- **Reports used to Validate SOX Compliant IT Infrastructure**
- **Documentation Issues**
- **Sections 302, 404, 906 and the three certifications**
- **Sections 302, 404, 906: Examples and case studies**
- **Management's Responsibilities**
- **Committees and Teams**
- **Project Team – Section 404: Reports to Steering Committee**
- **Steering Committee – Section 404: Reports to Certifying Officers and cooperates with Disclosure Committee**
- **Disclosure Committee: Reports to Certifying Officers and cooperates with Audit Committee**
- **Certifying Officers and Audit Committee: Report to the Board of Directors**
- **Control Deficiency**
- **Deficiency in Design**
- **Deficiency in Operation**
- **Significant Deficiency**
- **Material Weakness**
- **Is it a Deficiency, or a Material Weakness?**
- **Reporting Weaknesses and Deficiencies**
- **Examples**
- **Case Studies**
- **Public Disclosure Requirements**
- **Real Time Disclosures on a rapid and current basis?**
- **Whistleblower protection**
- **Rulemaking process**
- **Companies Affected**
- **International companies**
- **Foreign Private Issuers (FPIs)**
- **American Depository Receipts (ADRs)**

- **Types of ADR programs**
- **Employees Affected**
- **Effective Dates**

- **The Bank for International Settlements (BIS)**
- **The Basel Committee on Banking Supervision**
- **From the Young Plan (1930) to Basel II**
- **Regulatory supervision of internationally active banks**
- **The failure of the Bankhaus Herstatt and the crisis of confidence**

- **First Basel Capital Accord**
- **Formulating broad supervisory standards and guidelines**
- **Regulatory and economic capital**
- **Important objectives**
- **1980s: The capital ratios of the main international banks are deteriorating**
- **Credit Risk**
- **Assets are weighted by factors**
- **On-balance sheet engagements**
- **Off-balance sheet engagements**
- **Examples of capital requirements**
- **December 1987: The Basel Capital Accord approved by the G10**
- **Basel I amendments**

- **The New Basel Capital Accord (Basel II)**
- **Realigning the regulation with the economic realities of the global banking markets**
- **New capital adequacy framework replaces the 1988 Accord**
- **Improving risk and asset management to avoid financial disasters**
- **"Sufficient assets" to offset risks**
- **The technical challenges for both banks and supervisors**
- **How much capital is necessary to serve as a sufficient buffer?**
- **The three-pillar regulatory structure**
- **Purposes of Basel II**
- **Scope of the application**
- **Pillar 1: Minimum capital requirements**
- **Credit Risk – 3 approaches**
- **The standardized approach to credit risk**
- **Claims on sovereigns**
- **Claims on banks**
- **Claims on corporates**
- **The two internal ratings-based (IRB) approaches to credit risk**
- **Some definitions: PD - The probability of default, LGD - The loss given default, EAD - Exposure at default, M – Maturity**
- **5 classes of assets**
- **Pillar 2: Supervisory review**
- **Key principles**
- **Aspects and issues of the supervisory review process**
- **Pillar 3: Market discipline**

- **Disclosure requirements**
- **Qualitative and Quantitative disclosures**
- **Guiding principles**
- **Employees Affected**
- **Effective Dates**

- **Framework for internal control systems in banking organizations - Basel Committee on Banking Supervision**
- **The 13 Principles for the Assessment of Internal Control Systems**
- **The 13 Principles and COSO**
- **The control environment**
- **Risk assessment**
- **Control activities**
- **Information and communication**
- **Monitoring**
- **Types of control breakdowns typically seen in problem bank cases**
- **The objectives and role of the internal controls framework**
- **The major elements of an internal control process**
- **Evaluation of internal control systems by supervisory authorities**
- **Role and responsibilities of external auditors**
- **Supervisory lessons learned from internal control failures**

- **Internal Controls - COSO**
- **The Internal Control — Integrated Framework by the COSO committee**
- **Using the COSO framework effectively**
- **The Control Environment**
- **Risk Assessment**
- **Control Activities**
- **Information and Communication**
- **Monitoring**
- **Effectiveness and Efficiency of Operations**
- **Reliability of Financial Reporting**
- **Compliance with applicable laws and regulations**
- **IT Controls**
- **Program Development and Program Change**
- **Deterrent, Preventive, Detective, Corrective, Recovery, Compensating, Monitoring and Disclosure Controls**
- **Layers of overlapping controls**

- **Operational Risk**
- **What is operational risk**
- **Legal risk**
- **Information Technology operational risk**
- **Operational, operations and operating risk**
- **The evolving importance of operational risk**
- **Quantification of operational risk**
- **Loss categories and business lines**
- **Operational risk measurement methodologies**

- Identification of operational risk
- The Delphi method

- **Operational Risk Approaches**
- Basic Indicator Approach (BIA)
- Standardized Approach (SA)
- Alternative Standardized Approach (ASA)
- Advanced Measurement Approaches (AMA)
- Internal Measurement Approach (IMA)
- Loss Distribution (LD)
- Standard Normal Distribution
- "Fat Tails" in the normal distribution
- Expected loss (EL), Unexpected Loss (UL)
- Value-at Risk (VaR)
- Value-at Risk and Basel I amendment, 1996
- Value-at Risk and Basel II
- Calculating Value-at Risk
- Monte Carlo simulations
- Monte Carlo limitations
- Extreme Value theory
- Scoreboards
- Stress Testing
- Stress testing and Basel
- (AMA) Advantages / Disadvantages
- Recognition of the firms' own modelling of operational risk losses
- "Weak banks", internal and external audit and sound practices for operational risk
- Self assessment
- Key Risk Indicators
- Operational Risk Measurement Issues
- The game theory
- The prisoner's dilemma – and the connection with operational risk measurement and management
- Operational risk management
- Operational Risk Management Office
- Key functions of Operational Risk Management Office
- Key functions of Operational Risk Managers
- Key functions of Department Heads
- Internal and external audit
- Operational risk sound practices
- Operational risk mitigation
- Insurance to mitigate operational risk

- **COBIT - the framework that focuses on IT**
- Is COBIT needed for compliance?
- COSO or COBIT?
- Corporate governance or financial reporting?
- Executive Summary

- Management Guidelines
- The Framework
- The 34 high-level control objectives
- What to do with the 318 specific control objectives
- COBIT Cube
- Maturity Models
- Critical Success Factors (CSFs)
- Key Goal Indicators (KGIs)
- Key Performance Indicators (KPIs)
- How to use COBIT for Sarbanes Oxley and Basel II compliance

- Scope of Sarbanes Oxley and Basel II Projects
- The most important challenge: The scope
- Discussing the scope with the external auditors
- Assumptions
- In or out of scope?
- Is it relevant?
- Using compliance as an excuse
- Computer Forensics Investigation?
- Business Intelligence?
- Business Continuity and Disaster Recovery?

- Meeting the Information Security Requirements of Sarbanes Oxley and Basel II
- Information security principles and best practices
- Classification, Sarbanes Oxley and Basel II
- IT and the changes demanded by the business
- Capturing, analyzing, integrating and reducing risk
- Evaluating current systems and processes
- Change and configuration management
- Common risk indicators

- Software and Spreadsheets
- Is software necessary?
- Is software needed?
- When and why
- How large is your organization?
- Is it geographically dispersed?
- How many processes will you document?
- Are there enough persons for that?
- Selection process
- Spreadsheets
- It is just a spreadsheet…
- Certain spreadsheets must be considered applications
- Development Lifecycle Controls
- Access Control (Create, Read, Update, Delete)
- Integrity Controls
- Change Control

- **Version Control**
- **Documentation Controls**
- **Continuity Controls**
- **Segregation of Duties Controls**
- **Spreadsheets – Errors**
- **Spreadsheets and material weaknesses**

- Third-party service providers and vendors
- **Redefining outsourcing**
- **Outsourcing services and compliance**
- **The new definition of outsourcing**
- **Outsourcing after Sarbanes Oxley and Basel II**
- **Offshore outsourcing is also redefined**
- **Key risks of outsourcing**
- **What is needed from vendors and service providers**
- **SAS 70**
- **Type I, II reports**
- **Advantages of SAS 70 Type II**
- **Disadvantages of SAS 70 Type II**
- **Working with vendors and service providers**

- Aligning Basel II and Sarbanes-Oxley projects
- **The general expectations around Sarbanes Oxley and Basel**
- **From ensuring the overall safety and soundness of banks (Basel) to restoring investor confidence (Sarbanes Oxley)**
- **From the "under construction since the 1998" approach (Basel II) to the Sarbanes Oxley deadlines**
- **From the choice of risk management sophistication (Basel) to the specific SEC and PCAOB rules (Sarbanes Oxley)**
- **There is only one Sarbanes Oxley act but there are many different Basel II frameworks – the issue of discretion to individual jurisdictions for Basel II implementation**
- **Multinational companies and compliance issues**
- **US federal legislation and state law. The US constitutional challenges**
- **From the 1929 Companies Act (UK) to the 1933 Securities Act (USA) to Sarbanes Oxley: The need to avoid a federal intrusion into state reserved matters**
- **Auditing in the USA and auditing in UK: Very important differences**
- **Capital Requirements Directive (CRD)**
- **Markets in Financial Instruments Directive (MiFID)**
- **What will be the impact of MiFID to EU and non non EU banks?**
- **MiFID (Markets in Financial Instruments Directive) and Sarbanes Oxley and Basel**
- **Board review and approval**
- **Management responsibility**
- **Control objectives**
- **Risk identification and assessment**

- **Risk monitoring**
- **Risk mitigation**
- **Risk reporting**
- **Continuity plans**
- **Sufficient public disclosure**
- **Documentation challenges**
- **Effectiveness – design and operation**
- **Connecting the dots**
- **Common elements and differences of compliance projects**
- **New standards**

Cost - Fixed fee
In-company Training Courses - Fully tailored training

The total cost for 3 days training is $14,000 for teams from 2 to 30.
Everything is included in this price (expenses, flights, tax etc.). George Lekatis will work on your premises or at a venue of your choice, in the States, in Europe or in Asia.
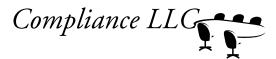**The total cost for 5 days training is $18,000 for teams from 2 to 30.**
Everything is included in this price (expenses, flights, tax etc.). George Lekatis will work on your premises or at a venue of your choice, in the States, in Europe or in Asia.

Thanks again for the one of the best workshops I ever had.
Lep Pozdrav / Best regards
Borut Znidar
Infrastructure IT Architect
IBM Slovenija

I want to thank you for the excellent course in Milan.
Your experience and your courtesy is unusual.
Claudio Lupi
Business Compliance & Risk Management IT Security
IT Security Architect
Global Value Services

Compliance LLC

Sarbanes Oxley Sales Training:
A new market for vendors, suppliers and service providers
1-5 Days. This seminar will be tailored to your needs

Objectives:
Participants will develop the ability to understand the challenges executive managers face. They will be able to speak their customers' language, and this has the potential for immediate impact. Sales and marketing managers can apply the skills and knowledge gained in the program immediately.

Target Audience:
- Marketing, sales and presales directors, managers and professionals.
- New and experienced pre or post sales people working for IT suppliers and service providers.

Duration:
1-5 Days, 09:00 to 17:00 each day. This seminar will be tailored to your needs

During the course we will cover:
Position your company's value in terms of solutions to issues that C-level executives face
IT Controls and Sarbanes Oxley Relevance
Computer Investigation and Proactive Strategies
Business Continuity and Disaster Recovery
Documentation Issues
Compliance and Security Monitoring
Records Retention
Real-time Disclosure
Continuous Compliance
Opportunities for deals
Gain immediate credibility with C-level Executives
Your valuable list that helps you to identify C-level Executives' critical needs
Outsourcing services and Sarbanes Oxley compliance
Outsourcing services and Basel ii compliance

Compliance LLC

D. Sarbanes-Oxley / Basel ii Compliance Awareness

If someone is not aware of the legal requirements, appropriate controls and protection are hardly likely to be employed.

People must be motivated to take compliance seriously. Awareness is used to reinforce the fact that compliance supports the mission of the organization.

George Lekatis has created a flexible Awareness Compliance curriculum providing learning paths individually suited to the needs of each sector of organizations (executive management, IT, security, sales and marketing, administration).

Tailor Made: Sarbanes-Oxley / Basel ii Compliance Awareness for:
1. Board of Directors and Executive Management Compliance Awareness and Coaching
2. Sales and Marketing Professionals
3. IT, Risk and Information Security Professionals
4. Process Owners
5. Employees

Senior managers and business owners are pressed to find solutions to solve specific problems. George Lekatis has effectively and professionally coached business people. He understands the challenges senior managers and business owners face every day. His objective honest advice will prove to be the best for you and your company.

Get clear answers to those technical questions you always wanted to ask. Increase your ability to make informed decisions about compliance. Understand what is really required by Sarbanes Oxley and what vendors and consulting companies want you to believe!

I would like to express my pleasure and satisfaction for all your good work during the Awareness Training given to the entire company.
Nicola Gatti
Secretary General, STET Telecommunications SA
(Training to executive management and 1400 employees)

Compliance LLC

E. Sarbanes-Oxley / Basel ii Keynotes and Breakouts

George Lekatis is an experienced speaker who presents motivating and informative talks. He designs his keynotes and breakouts with more humour, motivation and drama than seminars or training and tailors the presentations to meet specific needs.

George's speeches range from 45 to 90 minutes.

His speeches include:

Compliance: From "nice to have" to "must have"

ISO 17799: The first step for Sarbanes Oxley and Basel ii compliance

Compliance and Product Repositioning

A technical expert witness in Europe

Computer crime – Law, digital evidence and investigation in Europe

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Thank you for participating in the Forum of Information Warfare.
We are pleased that the event was a great success and we are glad that you could be a part of it. We look forward to working with you again.
Jean Hey,
Vice President, Conference Division, MIS Training Institute

Very informative. I was able to ask questions and get answers.
Richard Jones, Lockheed Martin
(Forum of Information Warfare, Washington DC, 2003)

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Basel ii Training: www.basel-ii-training.com
Web sites include:
www.sarbanes-oxley-act.biz
www.basel-ii-accord.com
www.compliance-training.net
www.legal-risk.com
www.mesothelioma-and-asbestos.org (research project)

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