

Austin Area Chapter Association of Certified Fraud Examiners

President's Corner

Glyn M. Rogers, CFE, CCEP, CCA, MBA

Thank you! Thank you! Thank you to all who attended the Spring Seminar. We had great speakers who offered a wealth of knowledge regarding our profession. They provided real life examples that we could all relate to. I will stop there and you can read the "What You Missed" section of the newsletter to get a play by play. This month's meeting will wrap up our meetings for this year and my first year as the President of the chapter. I am very thankful first to have the members we have who faithfully come out and attend the luncheons and seminars. It has been a pleasure networking with each of you. Next, I would like to thank the Board Members who work so very hard to put together the events that we have. THANK YOU!

As we begin to plan for next year, if you have topics that you are interested in, know of speakers, or want to do a presentation yourself, please contact anyone on the board.

This is our last meeting of the year so we hope you will join us. Same time... Same place...

Have a Great Summer!
From Your Austin Area Chapter ACFE Board

Chapter Meeting Schedule

Time: 12:00 p.m. to 1:00 p.m.

Location: Catfish Parlour
4705 E Ben White Blvd

Cost: Luncheon Only:
Members and Non-members \$12.00

Date: May 2, 2011

Speaker: Lt. Jim Harris
Comptroller's office

Topic: Recent Investigations

**register on line: www.austinacfe.com
or**

call 512-923-8656

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What You Missed

By Mike Garner, CFE, CIA

If like me you were not able to attend the April 20, 2011 spring chapter seminar, you missed presentations on "Fraud Considerations in Auditing" by Mr. Jason Hadavi and Ms. Corrie Stokes from the City Auditor's Integrity Unit; "Understanding what People Say – Detecting Fraud in Language" by Mr. Ralph Disher with the Special Investigations Unit of the State Auditor's Office; and "A Focus on Ethics in the Fight Against Fraud" by Mr. Rudy Green, Director of the University Compliance Services at UT.

Fraud Considerations in Auditing – The objectives of this session were to provide a practical approach in planning, detecting, and addressing fraud during the audit process. The presentation included procedures and allegation examples of the City Auditor's Integrity Unit. Although hotline tips (47%) are clearly the most effective means to identify fraud schemes for those organizations with hotlines, Internal Audit is the second most effective method with 17% of the detected schemes. The most popular of the frauds detected for the City of Austin is asset misappropriation involving the misuse of inventory and other assets. Other popular frauds include abuse of their position due to personal interest; conflicts of interests; and fraudulent disbursements.

The City Auditor's Integrity Unit discussed their involvement in brainstorming strategies to detect fraud in the planning, fieldwork, and reporting stages of audits. In the planning stage they will review prior related allegations and investigations with the auditors, discuss audit objectives, and identify fraud type questions that the auditor can use during the interview process. During the fieldwork stage they encourage the auditors to look for inconsistencies, insufficient documentation, absence of inspections, etc. During the reporting stage they discuss identified exceptions, the lack of controls, and recommend that audit report inconsistencies in evaluations and documentation as audit findings. In conclusion the City Auditor's Integrity Unit discussed referrals from audits that have become investigation cases; audit findings that helped confirm issues being investigated; and confessions that auditors were able to obtain that were even unrelated to the area being audited.

Detecting Fraud In Language – Mr. Disher identified language as spoken and written words along with signs, gestures, or inarticulate sounds used that results in communication of information.

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AUSTIN AREA CHAPTER OF
THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS
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FISCAL YEAR 2011

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There are a number of ways to convey information about a topic and Mr. Disher gave examples such as my son is a teacher; my oldest teaches; my son Jared teaches school, my son is a fifth grade teacher; my son is a fifth grade teacher at Meadows Elementary, etc.

An effective way to gather information (facts, opinions, and ideas) is to conduct interviews (a meeting at which information is obtained from a person). The questions asked during the interview are important and can include: did you do it; what would you look for if you were in charge; what do you do on normal workdays; what did you do differently; is there anything about the organization that I should know; what did you hear; what did you see; etc.

Mr. Disher discussed that people talk about what is important to them (family, job, money, friends, etc); their relationships (family, friends, bosses, co-workers, strangers, etc) – identify the order that others are introduced; speaking using pronouns (third person) – could signify a change in reality; etc. He then discussed statement analysis to see if you just dictated what was said and did you use your words or those of the one interviewed.

Mr. Disher closed his presentation with the myths facts and observations of body language; the importance of knowing your audience; the nonverbal cues (eyes posture, illustrators); mirroring; and what not to do during interviews.

A Focus on Ethics – Mr. Green's presentation discussed ethics and what can be done to improve the ethical culture. This included gathering information through surveys (provided information on surveys); the need to follow up on the surveys received; other resources (fraud triangle). He emphasized the importance of teaching and promoting ethics throughout the organization to address temptations; to distill the psychology of fraud; and to deter excuses used to give permission to conduct fraud.

We can improve the ethical culture through reducing the opportunity for fraud; developing an effective ethics program; increasing potential fraud emphasis during the risk assessment; program design considerations; promoting organizational communication; managing with integrity; promoting organizational justice; etc.

Speaker's Biography

Lt. Jim Harris

Lt. Jim Harris is a 30-year law enforcement veteran. He began his Law Enforcement career with the Houston Police Department in December 1978 after leaving the U.S. Army – Ft. Sam Houston in San Antonio in October 1978. He has worked for the State Comptroller's Office Criminal Investigations Division since September 2003 in the Houston Office and now at Headquarters in Austin. He has a Masters Degree from Sam Houston State in Criminal Justice Management, and has 2 - B.A. degrees from Houston Baptist University. "



The Spotlight's On You!

A special feature focusing on members of the Austin Area Chapter of ACFEs

Cecily Raiborn has been a member of the
Chapter

for the past 3 years.

But maybe you didn't know...



Job Description:

I'm the McCoy Endowed Chair in Accounting at Texas State University-San Marcos. I teach the graduate Fraud Prevention and Detection class—but a great deal of my time is spent writing articles and doing committee work.

What I'm working on now:

I'm in the process of revising my co-authored cost accounting text and have about four articles under way.

Best part of my job:

Seeing the "light bulb" go on in students' heads when they finally "get" a concept that we've been discussing.

Ambition and/or Goals:

My most recent goal was to obtain my CFE, which I just did...so I guess it's time to set a new goal!

Years in audit field/ with State:

Except for volunteer positions, my whole career has been spent in academia.

My first job:

When I was a high school senior, I was a receptionist for a small manufacturing company. Unfortunately, I kept disconnecting people on the switchboard—so I got moved to time study and then to accounting. I did well in accounting and was offered a full-time position after I graduated. I was so excited that I said yes. The company president found out and called me in his office to ask me if my acceptance meant I wasn't going to go to college. When I said yes, he fired me and told me to go to school!

Hobbies:

Reading, traveling, swimming, and visiting with friends. A friend and I are talking about a trip to Antarctica—then we both will have been to every continent.

Favorite Movie:

No question about it: The Wizard of Oz. What a tale of teamwork—four characters who each feel they are lacking something pull together to get what seems to be an impossible task completed. In doing so, they find they really aren't lacking at all; they just didn't realize their own potential.

Last books I read:

John Grisham's *The Confession*. Am in the middle of *Crash of the Titans*, with *And Then the Roof Caved In* up next.

Favorite foods:

I spent 21 years in New Orleans, so this is a tough question—but I guess I'd have to go with crawfish etouffee, seafood stuffed mirlitons, and muflettas. Of course, there's also any kind of Italian food.

Favorite Restaurants:

Drago's in New Orleans; it has the most incredible grilled oysters (done over an open flame with butter, garlic, and parmesan cheese—yum!). My other favorite is Café Degas (also in NO)—a quaint French restaurant that has a tree growing inside and up through the roof.

My pet(s):

Unfortunately, I lost my little Brussels Griffon a couple of months ago. But I have a deposit on a Havanese that should be ready to leave its mom in June. So I'll have all summer to train it before going back to school in the fall.

It's a good day when:

Students do well on an exam; I get an article accepted for publication; friends or family call; the sun is out (or, given the drought, it rains). Pretty much any day is a good day!

Pet Peeves:

Just ask my students: grammatical errors in written communications!

What I would do with a surprise

afternoon off:

I'm very lucky in that my job is one that I can take an afternoon off when I want unless I have class or a committee meeting. Of course, that simply means I have to grade or write at night or on the weekend.

I'm most proud of:

Being contacted by students years after they graduated and being told of some achievement they've had.

Most people probably don't realize:

I have a hard time explaining where I'm from. I was born in Tokyo, moved to NJ, moved to Paris, back to NJ, to north Mississippi, to Baton Rouge (for college), to the DFW area, to New Orleans, and to Austin. I always kept my CPA license in Texas because I just KNEW I'd be back!

Spring Seminar Speakers



Jason Hadavi



Ralph Disher



Corrie Stokes



Rudy Green