

Austin Area Chapter Association of Certified Fraud Examiners

President's Corner

Shari Daffern, CFE, CIA, CPA

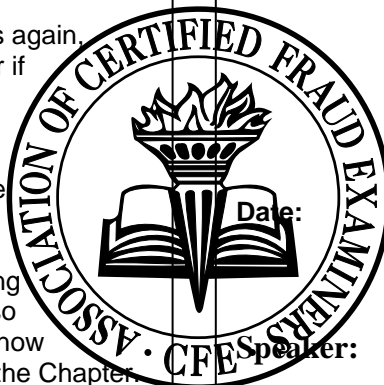
We had an outstanding meeting last month! Over 40 members attended our first meeting of the new fiscal year. The presentation was fun and informative. One of our scholarship members was in attendance, as well as Association staff.

The Board has begun planning our fall seminar. We are still working on the details, but have it planned for December 3rd, our usual meeting day. We will move to a larger room at Nueva Leon. If you have suggestions for topics or speakers, please let any Board member know.

It is time to begin thinking about scholarships again, so inform Glyn Rogers or any Board member if you know of a candidate.

We have difficulty sending pictures with our newsletter, but they are added to our website. Check out the newsletter on-line.

If any of our members have attention-grabbing information or articles to share, let us know so we can add them to the newsletter. Let us know what is going on that would be of interest to the Chapter.



Chapter Meeting Schedule

Time: 12:00 to 12:50 p.m.
Lunch served promptly at 11:45 a.m.

Location: Nuevo Leon Restaurant
1501 East, 6th Street

Cost: \$11.00 – Chapter Member
\$13.00 – Non-Chapter Member

This Month's Meeting

October 1, 2007

Speaker: Lt. Forrest Mitchell and
Sgt. Paul Aleman
Attorney General's Office/ Criminal
Investigation Division

Topic: The role of the Office of the Attorney
General in complex criminal
investigations in the State of Texas

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What You Missed

Mike Garner, CFE, CIA

If you were not able to attend the September 10, 2007 chapter meeting, you missed a presentation on Putting Ethics into Action by Ms. Helen Young, CFE, MBA, CIA, CISA, Deputy Commissioner of Internal Audit; Ms. Susan Driver, CFE, MPA, CIA, CPA, CISA; and Ms. Cheryl MacBride, CFE, CGFM, Deputy Commissioner of Administration all with the Texas General Land Office (GLO). Ms. Young, Ms. Driver, and Ms. MacBride studied for the CFE exam together and they all passed the exam on their first try. After passing the exam it seemed like the perfect time to start an Ethics audit at GLO. Their presentation emphasized what this audit identified as the most important elements of a good organizational ethics program including the ethical climate (tone at the top, ethical culture, governance activities, etc.), fundamentals (ethics policy, code of conduct, confidential hotline, and statements of vision and policy) and the importance of promoting the positive (training, actions, discussions, internal audit activities, and supervision). A professionally prepared booklet containing materials referenced during the presentation was provided to everyone in attendance.

Ms. Young provided introductions of the presenters and of what to expect from the presentation. She emphasized that every organization needs to promote a positive ethical climate and provided the reasons that this is so important. These reasons included demonstrating good stewardship; promoting good customer service and positive relationships; improving employee morale, loyalty, and retention; inspiring others to do the right thing; improving performance through maintaining a clear conscience promotes sleeping better at night (think Holiday Inn Express); improving the bottom line; maintaining and improving your organizational image; improving the accuracy and impact of communications from the top (good governance); eliminating embarrassing headlines; and keeping us out of the doghouse and possibly prison.

Ms. Young emphasized that most frauds are detected through tips and the sooner we receive these tips the quicker frauds can be detected and stopped. The top reasons employees do not provide tips is that they are not certain of the importance of their information; lack of confidentiality for reporting; fear of retaliation; and unsure who to contact.

Ms. Driver started her part of the presentation by emphasizing the importance of ethics both in our personal lives and in our organizations. It is her position that ethics is the most critical issue facing our country today. To

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AUSTIN AREA CHAPTER OF
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To support this position she took the August 17, 2007 issue of the Austin American-Statesman and discussed the following three stories: Earnings Investigation Dell admits books altered; Round Rock embezzlement case Pastor Stole \$500,000 from his church; and Williamson County Animal Shelter Interim director charged with theft of veterinarian's check.

Dell said that a lack of control over its accounting operations let employees manipulate the company's finances to hit performance goals and needed to restate more than four years of results to rectify its books. UT Accounting Professor Michael Granof stated that the message for investors is not the dollar amounts but in the admission that Dell's financial controls were deficient and it said something about the ethics of the practices and about their corporate culture. Several class-action lawsuits filed by shareholders included complaints that Dell kept shares high by manipulating earnings and then sold their shares to benefit from the share prices.

A longtime Round Rock pastor was arrested after telling authorities he embezzled at least \$500,000 from his church. He told police that he used the church's bank account and credit card to buy land, horses, vacations, and other property. The pastor had been with the church since 1992 and one church member indicated that the congregation's feelings about the pastor are divided. There are some members, which despite what he has admitted to, want to keep him as pastor. ACFE President Jim Ratley stated that in his experience estimates are usually grossly underestimated and that investigators should look for a lot more than the \$500,000 estimated by the former pastor.

The interim director of the Williamson County Regional Animal Shelter was arrested and charged with stealing and cashing an IRS check from a Hutto veterinarian and her former employer. The interim director was charged with stealing the IRS check in the amount of \$3,270.06, using the veterinarian's signature stamp (that he only used for prescriptions) to endorse the check, and then cashing it at a bank in Taylor, Texas.

Ms. Driver used these cases to again emphasize the importance of a vigilant ethical culture and the need to evaluate the organization's ethics. She briefly discussed Practice Advisory 2130-1: Role of the Internal Audit Activity and Internal Auditor in the Ethical Culture of an Organization. She emphasized that internal auditors have a role required by professional standards but that all employees of the organization have a similar role. She then discussed the Audit Program Procedures that she used in the Ethics Internal Audit at GLO.

The audit objective was to determine if the agency's ethics program contains all recommended components and is appropriately communicated. The steps used to address this objective included a review of professional standards and guidelines; review of other organizational efforts related to evaluating ethics; review and evaluation of key agency documents; interviews of key management personnel; review of contracts; review and evaluation of the communication of the agency's ethics program; and a review and evaluation of the agency's investigation function.

She then reviewed the sample ethic-related questions for Key Management and the GLO employee handbook documents. The documents included: standards of conduct; fraud prevention policy; professionalism in public service policy; information on dress code, telephone etiquette, absences, false statements, chain of command, and reporting misconduct; nepotism policy; use of state property policy; political activities policy; the statutes and rules governing ethical conduct; and a one page Standards of Conduct for all employees signed by Commissioner Jerry Patterson and Chief Clerk Larry Laine.

Ms. Driver spent several minutes discussing GLO's fraud prevention training, the importance of ethics surveys, and their ethics hotline. The hotline provides valuable information to the agency at a reasonable cost. GLO uses the official hotline of the Association of Certified Fraud Examiners. It offers confidential, toll-free services and is available 24 hours a day, 365 days a year. Employees can access a skilled Interview Specialist 24/7, so that you get the information you need to investigate an allegation. GLO has about 600 employees and the hotline costs them about \$2,000 a year.

Ms. MacBride closed the presentation by discussing the School of Ethics Report Card. This report card includes 11 yes/no questions and for every no answer they recommend implementing an associated program feature in your organization.

ACFE Scholarship Awards

The 2006-2007 school year was a very successful one for the Austin Chapter of Certified Fraud Examiners in terms of scholarship awards. This school year, Glyn Rogers, Director and Scholarship Committee Chair, made a very concerted effort to get the word out to Austin area colleges and universities that the Austin Chapter was accepting applications for their annual scholarship awards program. Consequently, Glyn's efforts and the efforts all of the board members, made it possible for the chapter to award five \$500.00 scholarships.

The Board then forwarded the information of the applicants along with recommendation letters to the National Association for the Ritchie-Jennings Memorial Scholarship. We are very proud to announce that out of the 30 scholarships awarded, three of our five nominees were awarded scholarships from the ACFE Foundation, which included \$1,000 awarded for the 2007-2008 academic year paid directly to the student's university, and a one-year ACFE Student Associate membership.

Way to go Austin chapter!!!

bachelor's degree in Criminal Justice. Sgt. Aleman has trained at the Internet Crimes Against Children Task Force Conference, and The National Association of Attorneys General and has presented numerous conferences.

Speaker's Biography

Lt. Forrest Mitchell and Sgt. Paul Aleman

Lt. Forrest Mitchell has been with the Attorney General's Office for the past ten years as a criminal investigator, and has worked a wide variety of criminal cases ranging from capital murder to official misconduct. He is currently assigned to the Special Investigations Unit, and supervises a team of roughly ten investigators working throughout the State on public integrity, election violation, and fraud type cases. He is a graduate of Texas State University with a degree in Criminal Justice, holds a Master Peace Officer license through the State, and is currently enrolled in the Law Enforcement Management Institute of Texas at Sam Houston State University.

Sgt. Paul Aleman is an investigator with the Texas Attorney General's Office Criminal Investigations Division Cyber Crimes Unit. Sgt. Aleman has been in law enforcement for 10 yrs. and holds a Masters Peace Officer Certificate from TCLEOSE. Sgt. Aleman graduated from the University of Houston-Victoria with a

The Spotlight's On You!

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

DeAnn Kiser has been a member of the Chapter

for the past 4 years.

But maybe you didn't know...



Job Description:

Investment Compliance Auditor

What I'm working on now:

Implementing continuous monitoring for various investments functions. Plans for this year are to add securities lending and risk management tools to the continuous monitoring program.

Best part of my job:

Being challenged by constantly having to learn new things and having a flexible schedule.

Ambition and/or Goals:

Keep liking coming to work until I can reach Rule of 80 and then hoping the legislature has left our benefits in place so that I can retire and enjoy the years I have left. You just never know how much time you have, so I want to make the most of each and every day.

Years of State service:

19 (Yes, I was 11 when I started working for the state – ha!)

My first job:

Stocker/clerk at TG&Y – the original five & dime store. My first state job was working as an accounting clerk for the Public Utility Commission while attending UT.

Hobbies:

Reading, water skiing, trying to have a garden (although the plants usually die), attending sports events for my kids. Some day I want to learn to play the piano and quilt.

Favorite Movie:

Forrest Gump; Christmas Vacation

Last book I Read:

I am currently reading State of Fear by Michael Crichton. This summer I read The Color Purple while my daughter had that as an assigned reading project and I wanted to remember more of the story to discuss it with her. I'm also just starting to read a book called "Siblings Without Rivalry". Let's hope there's some helpful tips there!

Favorite foods:

Tex-Mex and seafood

Favorite Restaurants:

Chuys, Juan in a Million, Shady Grove, Castle Hill

My pet(s):

I have three dogs: Avery is Japanese Chin mix Emmy is a lab mix and Belle is a Brittany Spaniel. My girls also have a box turtle, two beta fish and a snail!

It's a good day when:

It's a good day when someone gives you an unexpected compliment that puts you in a good mood for the rest of the day.

Pet Peeves:

People who won't be honest and will just give you the "politically correct" answer. Sometimes the truth is hard to hear, but hearing it moves us forward.

What I would do with a surprise afternoon off:

Go to the lake or get a good book and head to the pool.

I'm most proud of:

Being the first person in my family to graduate from college. I'm also very proud that all my kids have been making good choices and are becoming great responsible citizens.

Most people probably don't realize:

I once skated for 26 hours straight to raise money for the Jerry Lewis Muscular Dystrophy telethon and that I continue to roller skate (occasionally) currently. Come out with me some Tuesday night when it's adults only at Playland! ☺
