

Austin Area Chapter Association of Certified Fraud Examiners

President's Corner

Shari Daffern, CFE, CIA, CPA

Welcome back from the break from our monthly luncheon meetings. Hope you had an enjoyable the summer. The Board of the Austin Area Chapter has continued to meet in order to plan for the new fiscal year.

We have added an Employment Opportunities Section to our web site at www.austinacfe.com to display opportunities submitted by our members and offered by non-members.

In July, the 18th Annual ACFE Fraud Conference & Exhibition was held at Disney's Coronado Springs Resort, outside of Orlando, Florida. The Association again produced an excellent array of keynote and breakout speakers. At the formal opening, bagpipers led a procession of those who carried the 50 flags representing the various countries of the 2,000 attendees. The flags were posted behind the head table for the remainder of the conference.

It was fascinating to hear Senator Paul Sarbanes and the Honorable Michael Oxley (of Sarbanes-Oxley Act fame) speak and explain the background and intent of the Act. Dr. James Reese, a former FBA criminal personality profiler, gave a wonderful motivational speech. It sounded like such a dry topic, but his method of using amusing stories to get his points across left us in stitches. Our own Board member, Mike Garner, gave a great presentation in two of the breakout functions.

Continued on page 2

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

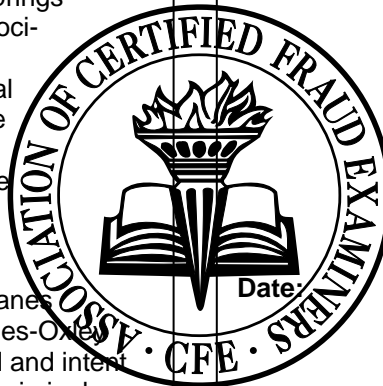
Date: September 10, 2007

Speaker: Helen Young, Cheryl MacBride,
and Susan Driver

Topic: Putting Ethics into Action

register on line: www.austinacfe.com
or

call 512/389-4813



INSIDE THIS ISSUE

- 2 What You Missed and Board & Committee Members
- 3 18th Annual ACFE Fraud Conference & Exhibition
- 4 Speaker's Biography
- 5 The Spotlight's on You!

President's Corner, continued from page 1

Mike and I also attended the Chapter Leadership meeting held the day before the conference began. We had the opportunity to network with other Chapter Officers, discuss how to increase and maintain membership and offer quality training. It appears we are on the right track, compared with other Chapters, to sustain a successful Chapter and give our members the tools they need to be successful CFEs.

The Board is proud to announce that two of our Chapter scholarship winners also won the Association's annual Ritchie-Jennings Memorial Scholarship. Glyn Rogers has done an excellent job this past year of producing such an outstanding pool of scholarship applicants.

What You Missed

Mike Garner, CFE, CIA

If you were not able to attend the May 7, 2007 chapter meeting, you missed a presentation on Information Security and Sarbanes-Oxley by Mr. Aaron Hughes, CISSP, President, IAC SecureTech. IAC SecureTech has developed processes, procedures, and templates to assist in complying with Sarbanes-Oxley (SOX) requirements. He stressed during his presentation that information security is very important to your organization and that we should already be doing more than meeting the regulatory requirements.

In information security we want to know 1) how information is accessed; 2) what information is leaving the corporate network; and 3) what information we need to protect and retain. At the simplest level we have three goals 1) maintain the integrity of the information; 2) ensure that information is available to those that need it within the organization; and 3) ensure the confidentiality of information is maintained.

The most contentious aspect of SOX is Section 404, which requires management and the external auditor to report on the adequacy of the company's internal control over financial reporting. The financial reporting processes of most organizations are driven by IT systems. Few companies manage their data manually and most companies rely on electronic management of data, documents, and key operational processes. Therefore, it is apparent that IT plays a vital role in internal control.

Continued on page 3

AUSTIN AREA CHAPTER OF
THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS
PO Box 13462, AUSTIN, TEXAS 78711

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Although SOX was not drafted with information security in mind it does address how information should be accessed; what information leaves the corporate network; and what information does need to be protected and retained.

Section 404 indicates that management must demonstrate that they have established appropriate "internal controls" to safeguard an organization's financial processes. The organization must safeguard financial data through the prevention and detection of security breaches that may have a material effect on financial statements.

One of the consequences of Section 404 is that Information Technology (IT) Administrators were being forced to become information security experts. In many instances this resulted in a need for implementation of technology without a good understanding of information security.

Mr. Hughes discussed case studies using SOX imposed information security controls to detect fraud in the areas of improper access to files and e-mail; violation of non-compete requirements; and the theft of intellection property. He titled these detection techniques as catching rats with honey.

In discussing these case studies he described the use of honey pots (trap set to detect, deflect or in some manner counteract attempts at unauthorized use of information systems); honey tokens (false information embedded in files or images to see if and when it is used); and sever events (logs). Also discussed were web content filtering/logging, intrusion detection, internet caches, chat logs, and googling.

18th Annual ACFE Fraud Conference & Exhibition

Mike Garner, CFE, CIA

If you were not able to attend the 18th Annual ACFE Fraud Conference and Exhibition at Disney's Coronado Springs Resort during the week of July 15-20, 2007 you missed my presentation on An Internal Auditor's Approach to Fraud Prevention and Investigation. There were over 2,000 attending the main conference representing over 55 countries. The conference was

excellent with knowledgeable, informative, and entertaining keynote speakers and session presenters that had a deep understanding and experience in the topics presented.

As internal audit practitioners and active members of professional organizations we routinely speak before organizational management, organizational employees, and professional colleagues. Although I felt comfortable doing these types of presentations, I wanted to develop material that I could use to teach my internal audit peers. Therefore, I took information from my training presentations that I had given in the past, condensed them, and developed a general internal audit PowerPoint presentation.

I now needed an audience to test the material. My girlfriend (Christina Wilkinson) is a middle school teacher, so I was able to get on the career day agenda for the eighth graders at her school. Since internal auditing could be considered by some eighth graders as a somewhat dry topic, I imbedded a couple of entertaining areas within the presentation so as not to lose them completely. This was a success and I felt that I was now ready to try the material on a more mature audience and gave a similar presentation to the National Association of State Military Resource Managers (NASMRM) at their annual training in Nashville, a graduate level Fraud class at the University of Texas (UT), and at our local ACFE chapter meeting.

Based on the feedback I received after these presentations, I saw a need to revise the presentation to focus more toward how Internal Audit relates to Fraud Prevention, Detection, and Investigation. I started revising my material and sent a proposal to speak on this material at the 18th Annual ACFE Fraud Conference in Orlando. My proposal was accepted and they requested that I upgrade the presentation materials so that it would be at a more advanced level and I agreed.

I revised and upgraded the presentation materials and then made presentations on this new material at the Annual Professional Development Symposium for the Central Texas Chapter of the American Society of Military Comptrollers in Killeen and then at UT's Fraud Class. The presentation went very well at both locations and I was feeling very good about the presentation I was going to give at the ACFE Conference.

Upon arriving at the conference I found that the Association of Certified Fraud Examiners (ACFE) treats their speakers very well. Waiting for me in my room was a nice note and gift from ACFE President Jim Ratley.

Continued on page 4

The room was excellent and located in the same area as the ACFE and conference speakers. I was able to have several informal conversations with Association Founder Joe Wells, ACFE President Jim Ratley, and even Senator Paul Sarbanes as I waited for the elevator. Our local Chapter President Shari Daffern was also at the conference but her hotel room was located several buildings down from us VIPs. Shari and I both attended the Chapter Leader meeting on Sunday afternoon before the Sunday evening Welcome Reception.

The conference started on Monday and when you go in and see over 2,000 professionals from over 55 countries it is very impressive. All of the keynote speakers and introductions were excellent throughout the conference. I attended the breakout sessions on Monday, Tuesday, and Wednesday and they were all top notch and I learned a great deal. My first presentation was late Tuesday afternoon just before the Tuesday night Reception at MOTION on Pleasure Island.

There were about 250 in my first session and most of them were Internal Auditors, so I felt comfortable with them. I was able to provide the information I had planned to provide but I also learned that things that work well before 90 to 100 do not necessarily work well before 250. The lessons I learned from one presentation to the next was to cut down on audience interaction (the group was too large for this to work well), cut down on visuals (magic tricks are not for large audiences), and place more emphasis on the important areas of the presentation. My second presentation on Wednesday morning with another 250 in attendance went much better.

Shari assisted me during both of my presentations and I was very lucky and grateful to have her there. Those attending the conference were very attentive and supportive of all the speakers. The Annual Conference is so well organized and supported by ACFE personnel that it has become the premier event in which to learn, energize, and encourage those fighting fraud, waste, and abuse at all levels within the organization. The 19th Annual ACFE Fraud Conference will be in Boston and I encourage everyone to consider attending. Due to the excellent support the ACFE provides for its speakers, you may also want to consider submitting a proposal to speak.

Speaker's Biography

Helen Young, Cheryl MacBride, and Susan Driver

This month's luncheon speakers will speak on "Putting Ethics into Action." Attendees will gain insight into how to implement an effective ethics program that will enhance fraud prevention. Our speakers' Bios are listed below:

Helen S. Young, MBA, CIA, CISA, CFE

Helen Young is Deputy Commissioner of Internal Audit for the Texas General Land Office. She has directed state internal audit departments for more than 11 years and also served as Assistant State Auditor for 5 years. Helen has an MBA in Accounting from the University of Texas at Austin. She is a Certified Internal Auditor, a Certified Information Systems Auditor, and a Certified Fraud Examiner.

Cheryl MacBride, CGFM, CFE

Cheryl MacBride is Deputy Commissioner of Administration for the Texas General Land Office. She has worked in various fiscal and management positions for the General Land Office for more than 21 years. Prior to working for the state she worked in the banking industry for 5 years. Cheryl has a BBA in Finance from the University of Texas at Austin. She is a Certified Government Financial Manager and a Certified Fraud Examiner.

Susan Driver, MPA, CPA, CIA, CISA, CFE

Susan Driver is an Auditor with the Texas General Land Office. She has worked in state government for 16 years at the General Land Office, the Comptroller's Office, and the State Auditor's Office. Susan has a BA in Mathematics and a Master in Professional Accounting, both from the University of Texas at Austin. She's a Certified Public Accountant, a Certified Internal Auditor, a Certified Information Systems Auditor, and a Certified Fraud Examiner.

The Spotlight's On You!

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



Somaia Farag has been a member of the Chapter for the past 3 months. But maybe you didn't know...

Job Description:

Internal Audit Director for the Office of the Governor.

What I'm working on now:

Nothing exciting like a fraud investigation or anything like that. An audit of the Criminal Justice Division grants process.

Best part of my job:

Working with people and knowing I am helping to improve their work environment.

Ambition and/or Goals:

Being kept challenged.

Years of State service:

8 years service in Texas.

My first job:

Ballet Dancer with the Cairo Ballet Company at 16 years old (had to study for 9 years first).

Hobbies:

Pool (Have a beautiful unique cue that was a gift for my BD from my husband), reading, doing Jigsaw puzzles, and general handywoman or craft projects around the house.

Favorite Movie:

Any Indiana Jones movie.

Last book I Read:

Virgins of Paradise (a novel tracking an Egyptian/English family's life through 50 years) written by Barbara Wood.

Favorite foods:

Sea Food and Middle Eastern.

Favorite Restaurants:

Joe's Crab Shack

My pet(s):

None.

It's a good day when:

When I am challenged with a project and not bored.

Pet Peeves:

Messy surroundings (at the office or at home).

What I would do with a surprise afternoon off:

Relax in my recently landscaped garden with an Egyptian cup of coffee and a novel.

I'm most proud of:

My family being proud of me.

Most people probably don't realize:

I am a very shy person.

