

February 18, 2015

Speaker: Nicole Salazar, Assistant Controller

Financial Services, University of Arizona

“In the News: Fraud in the Government Setting”

Speaker presented on fraud in the government setting and touched on the importance of internal controls. She discussed a case involving Rita Crundwell from Dixon, Illinois who embezzled \$53.7 million. Rita was hired in 1983 by the City of Dixon and the crime was discovered in 2011. She went to jail for 20 years and had to pay restitution. People in her work place should have noticed the “red flag” and questioned what was happening because of Ms. Crundwell’s lifestyle change. Money went to living a lavish lifestyle of horse farms, expensive RV, and luxurious vacations.

The speaker stated that fraud usually occurs because of financial pressure, rationalization, and opportunity. The speaker spoke of implementing internal controls within an organization. The controls include being Focused, Integrated, Accurate, Simple, Accepted, and Cost-Effective. Risk can be mitigated if you have internal controls.

The speaker also provided some examples of fraud cases at other institutions as well as presented some fictitious payment/fraud scenarios involving payments and petty cash.