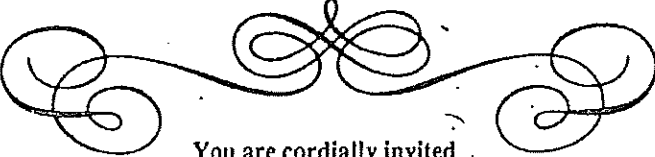


# ASSOCIATION of GOVERNMENT ACCOUNTANTS Newsletter

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OBSERVATIONS

SEPTEMBER 1992



You are cordially invited  
to the September 1992  
Meeting of AGA


**Where:** Chicago Bar Association  
321 Plymouth Court  
Chicago, Illinois

**When:** September 21, 1992

**Speaker:** Steven A. Switzer  
Deputy Inspector General  
Resolution Trust Corp.

**Time:** 11:30 a.m.

**Price:** \$12.00 Members  
\$14.00 non-Members



<b>OFFICERS AND DIRECTORS</b> for <b>FISCAL YEAR 1993</b>
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<u>OFFICERS</u>	<u>Name</u>	<u>Agency</u>	<u>Phone Number</u>
President	Michael A. Zumach	RRB-OIG	751-4356
President-Elect	Floyd D. Deidiker	USDA-OIG	353-1356
Treasurer	Letty Benjamin Jay	RRB-OIG	751-4356
Secretary	Maria Chavarriaga	TRE-OIG	886-2000
<u>DIRECTORS</u>			
Membership	David J. Diersen	GAO	220-7688
Newsletter Editor	Larry K. Herdzina	DOT-OIG	353-0104
Newsletter Publisher	Mark Knudson	RRB-OIG	751-4345
Program	Kim O'Lone	EPA-OIG	353-2486
Meetings	Diane Kentner	TRE-OIG	886-6300
Research & Education	Richard Lamin	RRB-OIG	751-4595
Points Recognition	Wally Trauten	RRB-OIG	751-3343
Publicity	Dave R. Lehrer	GAO	220-7600
Job Referral	Linda A. Golf	TRE-OIG	886-6300

<b>CALENDAR OF EVENTS</b>
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<u>Event</u>	<u>Speaker/Topic*</u>	<u>Date</u>	<u>Location</u>
Chapter Luncheon Meeting	Five Years After the Crash: Exchange Controls Over the Futures Markets Chicago Mercantile Exchange	10/19/92	Chicago Bar Association 321 Plymouth Court
Chapter Luncheon Meeting	Accounting for the Illinois Lottery Illinois Lottery	11/16/92	Chicago Bar Association 321 Plymouth Court
Chapter Luncheon Meeting	Mary Fisher - Enter "Trainer" Humor in the Workplace	12/14/92	Chicago Bar Association 321 Plymouth Court
Chapter Luncheon Meeting	IRS Speaker Tax Law Changes, Public Affairs	01/19/93	Chicago Bar Association 321 Plymouth Court
Chapter Luncheon Meeting	John Martin Inspector General - EPA Contracting Issues at EPA	02/22/93	Chicago Bar Association 321 Plymouth Court
Chapter Luncheon Meeting	William G. Holland Illinois Auditor General The Illinois Auditor General's Office	03/22/93	Chicago Bar Association 321 Plymouth Court
Chapter Luncheon Meeting	New Standards of Conduct Office of Government Ethics	04/19/93	Chicago Bar Association 321 Plymouth Court

\*Speakers and topics are subject to change.

<b>NEWSLETTER INFORMATION</b>
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Observations is published nine times a year by the Chicago Chapter of the Association of Government Accountants. We welcome all articles that would be of interest to the membership, as well as, any items (promotions, awards and announcements) about our members. Please contact the Newsletter Editor or any of the Directors with your article or item of interest for future issues of Observations.

**PRESIDENT'S MESSAGE**

By  
Michael A. Zumach  
Chapter President

I would like to welcome each and every one of you to the Chicago Chapter's 1992-93 Program Year. I am optimistic that this year will be a very good year for the chapter. Plans are being made to make this year a record breaking year. The members of the executive committee would like to invite you to participate. Here's how you can be part of this success.

The monthly meeting attendance has increased since we began meeting at the Chicago Bar Association. We would like your help in keeping the attendance growing. We are continuing to meet at the Chicago Bar Association, even though we will face a two dollar increase in the meal charge. The facility manager has agreed to work with us to provide the very best service at the best price. We believe that even with the price increase, we are receiving the best service for the price, considering the convenience of the location.

We will also continue to provide luncheon speakers who are interesting and pertinent to our organization goals. This will assist us in being able to offer continuing educational credits for each of the meetings. Education is one of our primary goals.

A second way in which you can help this be a successful year is to participate in the philanthropic events. We are planning to again assist the Chicago public broadcasting station by "manning the telephones" during the annual fund raising season. We will also continue to be active in assisting the community through the VITA program, and food and clothing drives. Participation in each of these areas is very rewarding, and greatly appreciated.

Finally, you can help by bringing in new members. Each year we set aggressive targets for recruitment and retention. If each member would talk to two or three candidates about joining AGA, we will be successful in achieving our target. Remember that the new members count toward the competition for the most members sponsored, so make sure your name is on the new members application.

This year is going to be an exciting time. The Chapter is definitely moving forward, and we would like everyone to be a part of that progress.

**ABOUT THIS MONTH'S SPEAKER**

Steven A. Switzer  
Deputy Inspector General  
Resolution Trust Corp.

This month's speaker is Mr. Steven A. Switzer the Deputy Inspector General for the Resolution Trust Corp. (RTC) who will make a presentation entitled "RTC - Progress and Pitfalls".

Mr. Switzer is a graduate of Texas A&M University and began his career as an auditor with the U.S. Department of Agriculture (USDA), Office of Inspector General in Texas and New Mexico. During his career, Mr. Switzer worked for the Department of Housing and Urban Development and the Small Business Administration before obtaining his current position.

Mr. Switzer is active in many professional organizations. He served as the President of the Northern Virginia Chapter of the Association of Government Accountants and has been an Advisory Board Member to the USDA Graduate School - Government Auditor Training Institute since 1985. His many awards include the 1987 Presidential Meritorious Executive Rank Award, as well as, the Achievement of the Year Award from the Northern Virginia Chapter of the Association of Government Accountants.

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**THE VOTE'S ARE IN...  
OR ARE THEY?**

At the May meeting the results of the 1992-93 Program Year officers were announced. At that time the election totals appeared relatively low, but the closing date had passed and the results were considered final. Subsequent checking determined that there had in fact been additional ballots cast, but they were not included because of some confusion at the post office box. These additional ballots were provided to the committee.

After reviewing the ballots, the committee determined that the elections results stand as previously reported. Although there were over 110 additional ballots, only 14 were deemed to be valid. Obviously an individual (or individuals) decided to exploit the fact that the ballots were not numbered, and submitted 100 ballots. The election committee, fatigued after tabulating the 110 plus ballots, went back through the ballots and determined that only one of the 100 would be counted.

The election committee then presented their revised results to the executive committee for approval. The executive committee agreed with the election committee and accepted the results as presented. The incoming president was also advised to improve the controls over the ballots for the next election to prevent a similar occurrence.

**MAY AWARDS BANQUET**

The May awards banquet held on May 18, 1992 at the Chicago Bar Association concluded our fiscal year 1992 luncheons. The awards banquet allowed us to recognize individual members who contributed their time and efforts on behalf of the Chicago Chapter of the AGA. The following awards were presented by Robert Bronstrup.

Membership Sponsor Awards

This award was presented to: Dr. Raj S. Gupta - Chicago State University, Lee Stevens - Treasury-OIG, and Henrietta Shaw - RRB-OIG.

Length of Service Awards

For 20 years of service this award was presented to: William M. Glacken - DCAA, Roy J. Swanson - DOL, John A. Wanska - GAO, and Stanley M. Yonkers - EPA.

For 15 years of service this award was presented to: Leslie Aronovitz - GAO, Dale L. Chouteau - HUD, Barry S. Dale - DOL, John H. Engstrom - NIU, Edward A Kadela - HHS, Sherman Long - HHS, Henry A. Rueden - RRB, and Jayne E. Schwarz - USPS.

For 10 years of service this award was presented to: Gerry K. Fink - Arthur Andersen, Dr. Raj S. Gupta - Chicago State University, Michael N. Mayo - Deloitte & Touche, Roberta N. Rickey - Treasury-OIG, Charles A. Weaver - RRB-BFO.

Special Member Awards

This award was presented to: Andrew Chura - RRB-OIG, Linda Golf - Treasury-OIG, Larry Herdzina - DOT-OIG, Mark Knudson - RRB-OIG, and Jon Simko - RRB-OIG.

Scholarship Awards

This award was presented to: Dominique Bachemin - Chicago State University, Brian Harding - North Park College, Dawn James - Chicago State University, Kari Reiten - DePaul University

The FY 1992 Chapter Officers and Directors were recognized for their efforts: Kim O'Lone - Treasurer, Martin Kozak - Secretary, Dave Diersen - Membership, Linda Golf - Newsletter Editor, Maria Chavariagga - Newsletter Publisher, Floyd Deidiker - Program, Mary Fyfe and Cyndie Jennings - Meetings, Jon Simko - Education and Research, Wally Trauten - Points Recognition, Dave Lehrer - Publicity, and Dan Meyer - Job Referral. Mike Zumach presented Robert Bronstrup with a recognition award for his service as the FY 1992 AGA Chicago Chapter President.

<p style="text-align:center"><b>CHICAGO CHAPTER EXECUTIVE COMMITTEE MEETING MINUTES</b></p>
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**JUNE 1992**

On June 18, 1992 the CEC meeting convened at the EPA conference room.

A motion was made and seconded to accept the position of the election committee and not to count the additional 99 ballots considered invalid.

The June 15th training event grossed \$2,300 and expenses were \$1,600 with a net of approximately \$700. Twenty-two individuals attended.

Chapter President Mike Zumach asked President-Elect Floyd Deidiker to look into participating in another WTTW sponsorship drive.

FY 1992 Chapter Treasurer Kim O'Lone stated the Treasurer responsibilities should be turned over to the FY 1993 Treasurer sometime in July.

Dave Dierson - Membership Director mentioned the idea of changing the sponsorship incentive program. A possible change could be to increase the prizes or bring the 2nd and 3rd place prizes closer in value to the 1st prize. This issue needs to be planned out and will be addressed at future meetings.

**JULY 1992**

On July 8, 1992 the CEC meeting convened at the Treasury OIG conference room.

Chapter President Mike Zumach and Meetings Director Cyndie Jennings met with representatives of the Chicago Bar Association (CBA). The CBA's final proposal for our luncheon meetings is at the rate of \$12 per person. A discussion of the proposed rate and of the alternatives followed. A motion was made and approved to go with the new luncheon rate.

The planning survey from the national office was received and is available to any member who wants to read it. The main goal of the national office is to provide balanced training for state and local auditors. The Board members discussed ways in which state and local membership could be increased since currently there are few members from the state and local sector. A training session was suggested that touched on state and local issues as a way to increase the state and local membership, as well as, a luncheon speaker such as the new Auditor General for the State of Illinois. No final decisions were taken on this subject.

One of the Chapter President's goals for the fiscal year will be to reach the 14,000 point level in point recognition for the Chapter.

The Chicago Chapter of AGA is currently coordinating with WTTW to participate in their August 1992 and December 1992 membership drives.

It was suggested that the Chicago Chapter of AGA establish a base of about 4 federal agencies who have copiers equipped to handle the copying of our newsletters. Also, AGA should purchase copier paper to compensate the agencies who let us use their copiers.

**PROFESSIONAL DEVELOPMENT  
CONFERENCE**

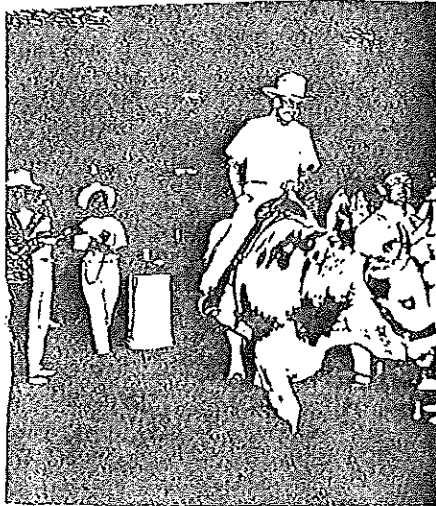
By  
**Jon Simko and Wally Trauten**

The 1992 Professional Development Conference held in Dallas, Texas was well attended by 11 Chicago Chapter members, including: Richard Erickson, Jun Mejia, Wendel Reid, Henrietta Shaw, Jon Simko, Wally Trauten, and John Walter from RRB; Robert Meyer and David Stone from GSA; Cynthia Jennings from Treasury; and Robert Seabrooks from ED.

The PDC's theme this year, "Exploring the Issues", included presentations in accounting, auditing, budgeting, financial and state and local topics. Participants earned 24 hours of Continuing Professional Education credits.

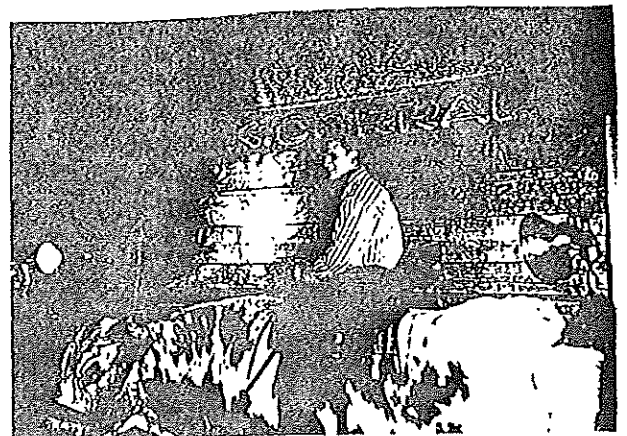
The events of day one were topped off by the President's reception, which featured AGA'ers dancing the two-step and Cotton-Eyed-Joe to live country and western music. There was Texas barbecue, and National AGA President Clyde Jeffcoat riding around the banquet hall on a Texas longhorn. Many later took their turn posing on top of the bull for a photo, including the attendees from RRB/OIG.

The three days of technical sessions and evening social events were culminated by an awards banquet during which the Chicago Chapter received a plaque for achieving 10,000 points for 3 consecutive years.



←-----National AGA President Clyde Jeffcoat rides around the banquet hall on a Texas longhorn.

Git along little doggies ----->  
Chicago chapter member Jon Simko sits tall in the saddle as he takes his turn on the Texas longhorn.  
Ride 'em cowboy Jon. Yee ha!



<b>MEMBERSHIP REPORT</b> by <b>Dave Diersen</b> Membership Director
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During April, May, June, and July, our membership decreased by 5 from 313 to 308. Ten new members joined, 1 transferred in, and 16 resigned. Welcome to the new members and many thanks to their sponsors, especially **Dr. Gupta**, for their recruitment efforts.

<u>NAME</u>	<u>EMPLOYER</u>	<u>SPONSOR</u>
<u>FY 92 (April)</u>		
Doug Carnes	Rich Township	McEnroe
Susan Meduga	IRS	Evans
Rao Vallabhaneni	RRB-OIG	Shaw
<u>FY 93 (May-July)</u>		
Lee Bandy	Student	Gupta
Ganiyu Bello	Student	-
Janel Dowd	RRB-OIG	Dowd
James Eakins	Eakins & Associates	-
Adebayo Osunmakinde	Student	Gupta
Mary Jo Rainone	GAO	Diersen
Rhonda Speccht	DCAA	-
Laura D'Angelo	Ernst & Young	(trans-in)

#### Sponsorship Awards

At the May 18th Awards Luncheon, \$50 was given to **Dr. Gupta** who sponsored four new members, the most during fiscal year 1992 which ended April 30th. \$25 each was given to **Lee Stevens** and to **Henrietta Shaw** who tied for second place, each having sponsored three new members. During fiscal year 1992, 47 new members joined the Chapter. Chapter officers and directors, who are not eligible for cash awards, sponsored 15 (5-O'Lone, 5-Diersen, 3-Diediker, 1-Kozak, & 1-Taylor). **Russ Dunkerley** sponsored two. One each was sponsored by **Chapulis, Evans, Harris, Kriberg, Lewis, McEnroe, Platenka, Pornillosa, Stanton, & Stone**. Ten joined without having a Chapter member as a sponsor. Many thanks to all the sponsors for their recruitment efforts. Keep up the good work. For fiscal year 1993 Chapter members will again be eligible for cash sponsorship awards. The Chapter Executive Committee will be voting on increasing the cash award amounts.

#### Recruitment

Membership applications, Chapter recruitment brochures (soon to be updated for the upcoming program year) and other recruitment materials are available from me, Chapter officers and directors, and the membership coordinator in your office. We stand ready, willing, and able to assist you in recruiting new members. A copy of the membership application is included in this newsletter. please feel free to reproduce it and distribute it to prospective new members, especially new hires in your office. When you receive a completed application, don't forget to enter your name and membership number (listed on your mailing label) as the sponsor, send the application along with the dues check to the National Office (N.O.), and give a copy to me. Give recruitment a try. We'll all benefit.

#### Fiscal Year 1992 Membership Goals

The N.O. has set two membership goals for the Chapter to achieve between May 1, 1992 and April 30, 1993. They are:

- Recruit 65 new members (20% of FY 92 ending total), and
- Retain 293 (90% of our FY 92 ending total).

These goals are realistic. If each of us sponsors just one new member, we will have met the recruitment goal five times over. If each of us responds promptly to the N.O. dues billings, we will have exceeded the retention goal by ten percent. Of our 308 members, 31 are still listed by the N.O. as being delinquent in paying their dues. Thirteen of these 31 said they would renew. The remaining 18 either have not returned my phone calls or they cannot be reached.

## MEMBERSHIP SERVICES AND BENEFITS

Continuing professional education through a series of technical courses (at membership rates) that qualify for Continuing Professional Education Credits (CPE).

Opportunities for individual professional development through service as an officer, director or committee member at the Chapter, Regional or National levels.

A variety of professional publications, including

- *Government Financial Management TOPICS*, a newsletter covering updates in the Association and highlights of activities throughout the profession.
- *Government Accountants JOURNAL*, a quarterly journal presenting in-depth coverage of relevant issues for financial managers in government.
- Monographs, on such pertinent issues as *Operational Auditing*, *Behavioral Aspects of Government Accounting* and *Cash Management for the Federal Government*.
- *FOCUS*, a research publication highlighting current activity taking place within AGA.
- *Employment FLASH*, a summary of key employment vacancies throughout the country at the time of publication.

Recognition of professional achievement through an awards program, conducted at all levels of the Association.

Fellowship and camaraderie with other government financial managers.

The collective strength of a large professional organization that has a registered lobbyist as well as a legislative affairs program that speaks for its members.

Community service, including training for small businesses, income tax assistance to the elderly and minorities and scholarship programs for accounting students.

An employment referral service.

Member insurance programs.

Reference books and business periodicals at group membership rates.

## MEMBERSHIP CRITERIA

Membership in the Association of Government Accountants is open to professionals in the public and private sector who specialize in governmental financial management. To reflect varying degrees of expertise, AGA offers three membership classifications.

**Full Member**

Career professionals engaged in the performance of financial management activities in an administrative, supervisory and/or operational capacity or who have made a professional contribution toward the improvement of financial management in government.

**Associate Member**

Practicing professionals who have fewer than six (6) years experience in financial management activities.

**Special Associate**

Full-time students and those in their first year of employment.

## HOW TO APPLY FOR AGA MEMBERSHIP

Please send your completed application and check for full year's National and Chapter dues payable to Association of Government Accountants, 2200 Mt. Vernon Ave., Alexandria, VA 22301.

Your application will be acknowledged and processed promptly when received.

## ANNUAL DUES

National Dues	Full member	\$55.00
	Associate Member	\$28.00
	Special Associate	\$14.00
Chapter Dues	\$ 7.00	

Please pay full year's National and Chapter dues, and make check payable to Association of Government Accountants.

Members joining between April-March should pay the annual dues shown above. An adjustment for the prorated amount will be reflected at the next full-year dues invoice (April 1 of each year).



**PUBLIC SERVICE REPORT**

by  
Dave R. Lehrer  
Public Service Director

The new year is upon us, and along with it comes another chance for our membership to help others. In the past, our public service events have been met with great success, and I hope that this year brings even more!

Our first event of the year will be a clothing drive to help those who will be without coats, hats and other garments that help to keep out the bitter Chicago cold. In order to help those who don't have enough winter clothes, the CEC is asking members to bring old coats, hats, etc. to our October luncheon. Look through those closets, drawers, and anywhere else you hide your winter garb, and bring some to the meeting. We haven't yet selected the organization that will receive the clothes, so I would like you to bring suggestions to the meeting also.

Remember, you can't wear all those coats at once, and there's somebody around out there who doesn't have one — so let's spread them around!

P.S. If you would like to head up a drive at your office to increase the number of people we can help, give me a call at (312) 220-7656, or just bring the clothes to the meeting.

**TREASURERS REPORT**

By  
Kim O'Lone  
Chapter Treasurer - FY - 1992

The AGA Chicago Chapter's books for FY 1992 have been closed. The books are currently undergoing an independent audit and a report is expected to be printed in the October 1992 issues of Observations.

**WE HAVE ARRIVED**

by  
Wally Trauten  
Points Recognition Director

The Chapter Recognition Program earned 2,185 points for May, June and July. Our goal for this year is the maximum possible 14,000 points.

**MEMBER  
SHOWCASE**

John Wanska received a meritorious service award from GAO. Joseph Companik - DOT-OIG, Janet Dowd - RRB-OIG and Susan Knutson of RRB-OIG passed the May 1992 CPA Exam.

We applaud the accomplishments of these individuals and wish the best of luck to those of you studying for future exams.

**Note:**

We would like to recognize the accomplishments of all our members. If you've received any honors, degrees, certificates, promotions, etc. Please contact one of our Directors or the Newsletter Editor so we can include your accomplishment in a future issue of Observations.

**MELDING THE AUDIT AND INVESTIGATIVE MIND**by  
**Douglas C. Griffin**Reprinted from the June 1992 Issue of "Insight"  
Volume 42, Number 1

The government and public are clamoring for CPAs to help stop the spread of white collar crime by detecting fraud during their audits. Neither of these very disparate groups, auditors and investigators, has received this news well. Auditors fear they will be forced to become Dick Tracy clones and investigators dread the thought they will be (stereotypically) perceived as bean counters. Get an investigator and an auditor in a room together and the turf battle begins.

Traditionally there has been a certain amount of distance between the auditor and the investigator. Investigative areas are often self-contained, somewhat secretive and located apart from audit areas. Their intellectual backgrounds are different. Their personalities are different. How they go about doing their job is different. And the value they place on their work product is different. But when it comes to uncovering fraud each group brings something valuable to the table. The trick is getting the two groups to work together. That's not difficult if they understand and respect the professional skills each brings to bear.

**Intellectual Background**

Investigative work traditionally involves a lot of informal "on-the-job" training. you come in as a trainee, take some courses in criminal justice and learn as you go under the direction of a more senior investigator. Emphasis on continuing education and professional certification is relatively new to investigators.

On the other hand, the amount of technical information out there for auditors is enormous. To work in the field, even in the most rudimentary way, auditors must have a certain amount of formal training and knowledge. To continue in the field they must be certified by an established body. And as part of the requirement to keep the certification they have to keep getting more education. That's just to stay current with the regulations about how to do the job.

**Approach to the Job**

Auditors begin an engagement with detailed plans and procedures. They see who did what in past audits,

what they might need to do again and what additional areas they might need to examine. Auditor's usually don't blaze trails. They refine and expand established routes.

Investigators approach an assignment with a very unstructured "discovery" process. They thrive on the idea of not knowing where a case can lead them. They base their plan of action for the second week on the information they gained the first week. Investigators don't follow trails. They follow "clues" left along trails.

Businesses and organizations often call on auditors to look at what they can do to prevent things from going wrong. When the auditors get to the end of an audit, they have compiled information that can contribute to the efficiency of an organization. The audit can help to ensure controls are in place or can help an organization borrow money or issue securities.

Investigators react to emergencies. Invariably they are called in *after* something has gone awry. Their goal is to solve the mystery, catch the crook and to do it in such a way it results in a conviction with the possibility of financial recovery.

**Work Product**

Investigators frequently can't "see" the results of the auditor's work. A common comment by investigators about auditors is their work product goes off into never-never-land and nothing ever comes of it. Investigators see the results of their work product much sooner. Investigative results are frequently more tangible. Either the accused is indicted and convicted or not. If investigators expose a "hole" in an organization's system, they will see the organization take steps to close it.

What investigators don't realize is the management letter accompanying an audit report can change the entire way an organization does something. But it is often not an immediate change. It can be a slow process that sometimes takes years.

*(Continued on Next Page)*

### Personality

Auditors say investigators go "too fast" and investigators say auditors are wasting too much time and go "too slow". Auditors tend to be exact. Investigators tend to focus more on a specific issue. It's very frustrating for an auditor to work with someone who wants to keep jumping ahead. It's very frustrating for an investigator to work with someone who keeps analyzing the books and records.

Investigators tend to be more verbally fluent and, as auditors would say, much more brash. Auditors watch investigators and say, "they're too loud, too assertive, too pushy, too argumentative". Investigators look at auditors and say, "they're too wishy-washy, too reticent, not assertive enough". The two groups can see some value in the other but they say, "I don't want to be like that".

Auditors and investigators have this inherent fear if they work too closely together somebody (maybe Congress, maybe the public) is going to turn them into the other. These fears are keeping the groups from working together for a common goal. While the differences in the two groups make it challenging to work successfully together, it is not impossible.

### Working Together

Three possible approaches to using both audit and investigative skills are: 1) train one person in both skills, 2) call in a specialist when needed, or 3) integrate both skills into one group.

Auditors can look within their ranks and get additional training in investigative skills such as preservation of evidence and sophisticated interviewing techniques that go beyond pure information gathering. Within the last 10 years investigators have been taking more accounting classes. They have begun to realize that for them to be marketable and advance in their careers, they will need this knowledge.

It doesn't necessarily mean auditors and investigators are going to like to learn these new skills. but we all have aspects of our jobs that are not high on our list of likes. If we have to do them to complete our job, then we should learn them.

Auditors and investigators can understand the other's purpose well enough that they know when to call in a specialist. Knowledge provides a comfort level. It's a lot like taking your car to the mechanic. When I take my car in for service I am taking my chances with the

mechanic. But if I know a little about cars, it is easier for me to give the mechanic some parameters and directions. It doesn't mean I'm an expert. It means I have enough knowledge to know when to call one and intelligently evaluate the work product.

The last option, the integrated approach, has been evolving over the last several years. That's where a unified leadership brings a group of auditors and investigators together when it appears there is a potential fraud. They plan together for the division of labor and the sharing of information through the duration of the project. That's how Continental Bank does it.

When we send an audit/investigative team out on a fraud audit, we'll send an audit manager. but reporting to that audit manager and as part of the planning system will be an audit team leader and an investigative team leader. The team leaders will work together to plan what they are going to do and who is going to do it with an understanding of each focusing in the areas of their expertise.

That might mean divvying up the interviews so an auditor and investigator are both present. The investigator might conduct an interview with the auditor there to help or be a resource. Or the auditor might conduct an interview with the investigator sitting back as the resource person.

This has worked well for us, but we have worked very hard at it. We require investigators to sit in on orientation training sessions for new auditors. Investigators also periodically do pure audit work for a few weeks to a month at a time so they become familiar with the process.

Investigators also teach classes every year to new auditors on fraud awareness. Continental Bank's investigators also teach a class called, "Interviewing for Auditors". We try to show junior auditors the various types of interviewing techniques, much of an auditor's job.

Another critical factor in the integrated approach is the chain of command. At Continental Bank the head of investigators and the audit managers of the different sections report directly to the general auditor. We not only report to the general auditor, we also meet together. That means the investigative manager will be listening to audit discussions that are not directly applicable and the audit managers will be hearing

*(Continued on Next Page)*

about investigations that have little bearing on their assignments. But the opportunity for exchange is increased.

Another essential component for successfully integrating the audit and investigative function is access to a high level in the corporation. You have to have a chain of command that quickly takes you to the top. That way, if necessary, you can sidestep the politics.

When the investigations group lose their independence and a "us vs. them" relationship can develop with auditors. When you work for the general auditor in an organization, usually that person is the highest internal auditor who reports to the board of directors' audit committee. This allows the investigative function to share in the independence and access of the general auditor. The general auditor usually has a good direct link to the chief executive officer and to the people who

report directly to the CEO. If you're reporting to the person, you're only one level removed from talking directly to the CEO, or audit committee. That can make the difference between whether a time bomb is swept under the rug and left to explode later.

#### Conclusion

The time is coming when Congress and the public are going to require auditors to assume responsibility for not only discovering fraud but proving it. The liability risks to the auditors are great. Auditors can be sued if they suspected fraud but didn't uncover any. And they can be sued if they suspected fraud and did not act on their suspicions. Either way, this new responsibility doesn't mean that auditors have to possess the skills or even the license to investigate suspected fraud. They must improve their ability to recognize the signs of fraudulent activity and work with those people who have the skills to prove it.

### EMPLOYMENT OPPORTUNITIES

by  
Linda Golf  
Job Referral Director

Announcement/ Classification	Job Title	Agency	Location	Contact/Closing Date
I-92-87 GS-511-12	Auditor	DOT-OIG	Washington, D.C.	Leslie Dexter (202) 366-2677 9/18/92
GS-511-13	Performance Auditor	EPA	Chicago/ Cincinnati	Tony Carrollo (312) 353-2486 Open
GS-511-13	Financial Auditor	EPA	Chicago/ Cincinnati	Tony Carrollo (312) 353-2486 Open
GS-511-11/12	Auditor	EPA	Cincinnati	Tony Carrollo (312) 353-2486 Open

The membership is particularly interested in job opportunities in the Chicago area. If you are aware of any employment opportunities that would be of interest to the membership, please contact Linda Golf by phone at (312) 886-6300 or fax at (312) 886-6308.

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 ABOUT THIS MONTH'S MEETING

<u>MEETING INFORMATION</u>	<u>BUFFET MEAL</u>	<u>CONTACT PERSON BY AGENCY</u>		
<b>Topic:</b> RTC - Progress and Pitfalls	Full Salad Bar	AGR/OIG	John Pepper	353-1356
		Customs	Joe Palmer	353-1213
<b>Date:</b> September 21, 1992	Chicken DuJour	DOL/OIG	Grace Carlson	353-2416
	or	DOT/OIG	Larry Herdzina	353-0104
<b>Time:</b> 11:30 a.m.		DCAA	Howard Salita	353-6304
	Orange Roughy	ED/OIG	Raul Nieto	886-6503
<b>Place:</b> Chicago Bar Association		EPA/OIG	Kim O'Lone	353-2486
	Fresh Vegetable	GAO	D. Montgomery	220-7600
		GSA/OIG	Bob Meyer	353-7781
<b>Price:</b> \$12.00 Members	Coffee, Tea or Milk	HHS/OIG	Dave Markulin	886-4143
\$14.00 Non-Members		HUD/OIG	Diane Terzian	353-7851
	Desert Selection	RRB	Henrietta Shaw	751-4509
		TRE/OIG	Diane Kentner	886-2000
	<u>No</u> Cash Bar	FIA/Members	Doug Griffin	923-3953
		Others	C. Jennings	886-2000

Please call your contact person with reservations before 11:00 a.m. on Wednesday preceding the meeting, since we must call the restaurant by noon on **Thursday**. Reservations must be made by the prescribed times in order to give the restaurant an accurate count. If you make a reservation and must miss the meeting, please call Ms. Diane Kentner direct to cancel. This is very important because we guarantee to pay a certain number of the reservations. **IF YOU DO NOT CANCEL YOUR RESERVATION BY FRIDAY PRECEDING THE MEETING, YOU WILL BE ASSESSED A \$5.00 CHARGE FOR THE FIRST OFFENSE AND A \$10.00 CHARGE THEREAFTER.** To help the line move faster, please have the correct change or pay by check.

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Association of Government Accountants  
 Chicago Chapter  
 P.O. Box 1604  
 Chicago, Illinois 60690

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