

OVERVIEW

WHO'S WHO IN THE GAAP ZOO

In 1973, FASB replaced the AICPA as the developer of GAAP. AICPA has input into new accounting rules and nominates FASB Board members.

Federal Reserve U.S. Treasury

SEC

PCAOB is a nonprofit corp. established by congress through the Sarbanes-Oxley Act of 2002. Congress gave SEC oversight of PCAOB's rule making and budget. SEC appoints board.

PCAOB
Public Company Accounting Oversight Board

AICPA

FASB

Writes & Scores CPA exam

State Oversight & Enforcement of CPA License

Accounting Rules

COSO
Internal Control measurement criteria
Committee of Sponsoring Organizations

Standards

AICPA Interpretations

Widely Recognized Industry Practice

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GAAP

GAAP – Generally Accepted Accounting Principles



Government Fraud

Government Finance Officers Association of Alabama (GFOAA)

February 6, 2019

Rob Stuart, *C-ECFE*

Special Agent

Alabama Attorney General's Office, Special Prosecutions Division



TAKEAWAYS



- Things are rarely as they appear

 - Trust but verify

 - Ask questions

- Document

 - Make notes immediately after the interaction

 - Have a witness with you

 - Audio recording

 - Video recording

Revenue to Remember



Little Money

- Sale of Permits
- Admission Fees
- Records Fees

Easy Money

- Grant Funds
- Returned or Refunded Goods
- Other Unbudgeted or Unexpected Income



Alabama Zoo in Make-believe, Alabama



- State of the Art Point of Sale System (POS)
 - Print Tickets
 - Scanned for Entrance
- Access regulated by turnstiles with ticket readers
 - Security Guards
 - Security Cameras
- Daily Reconciliation
 - Revenue Received
 - Tickets Printed
 - Visitors Admitted





Alabama Zoo in Make-believe, Alabama

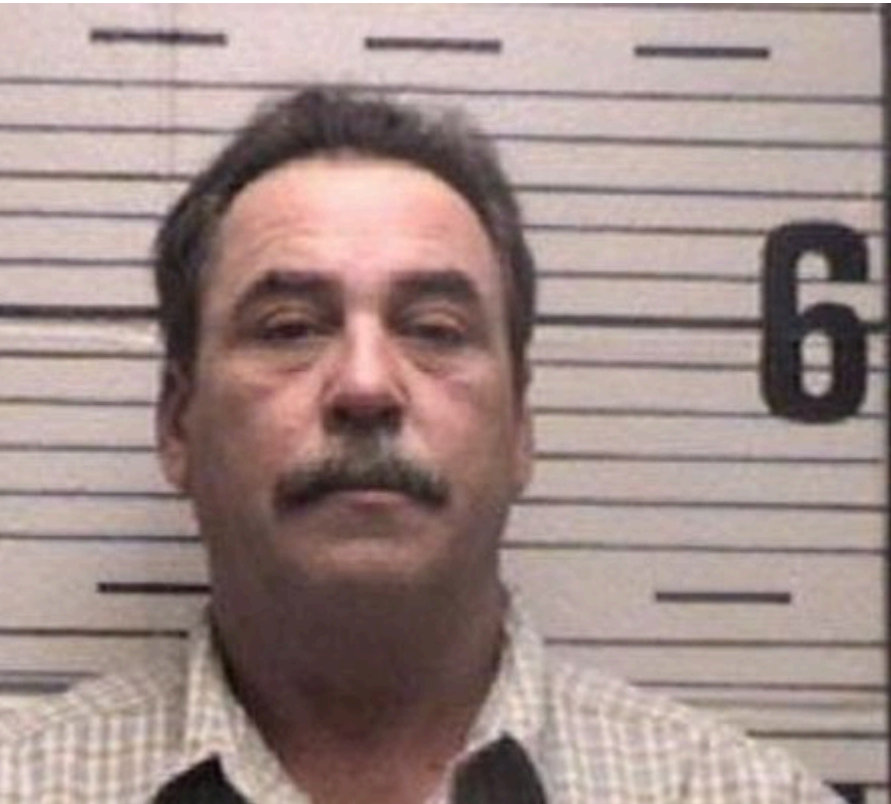


- Zoo worker walks around selling petting zoo food for \$1 per cup, cash only.
- Cash turned in to the Finance Office
- Food and cups obtained from Animal Care barn
- Finance doesn't know quantity of cups or food used
- Animal Care doesn't know how much money turned in to Finance.
- Worker sells 500 cups a day and keeps \$250





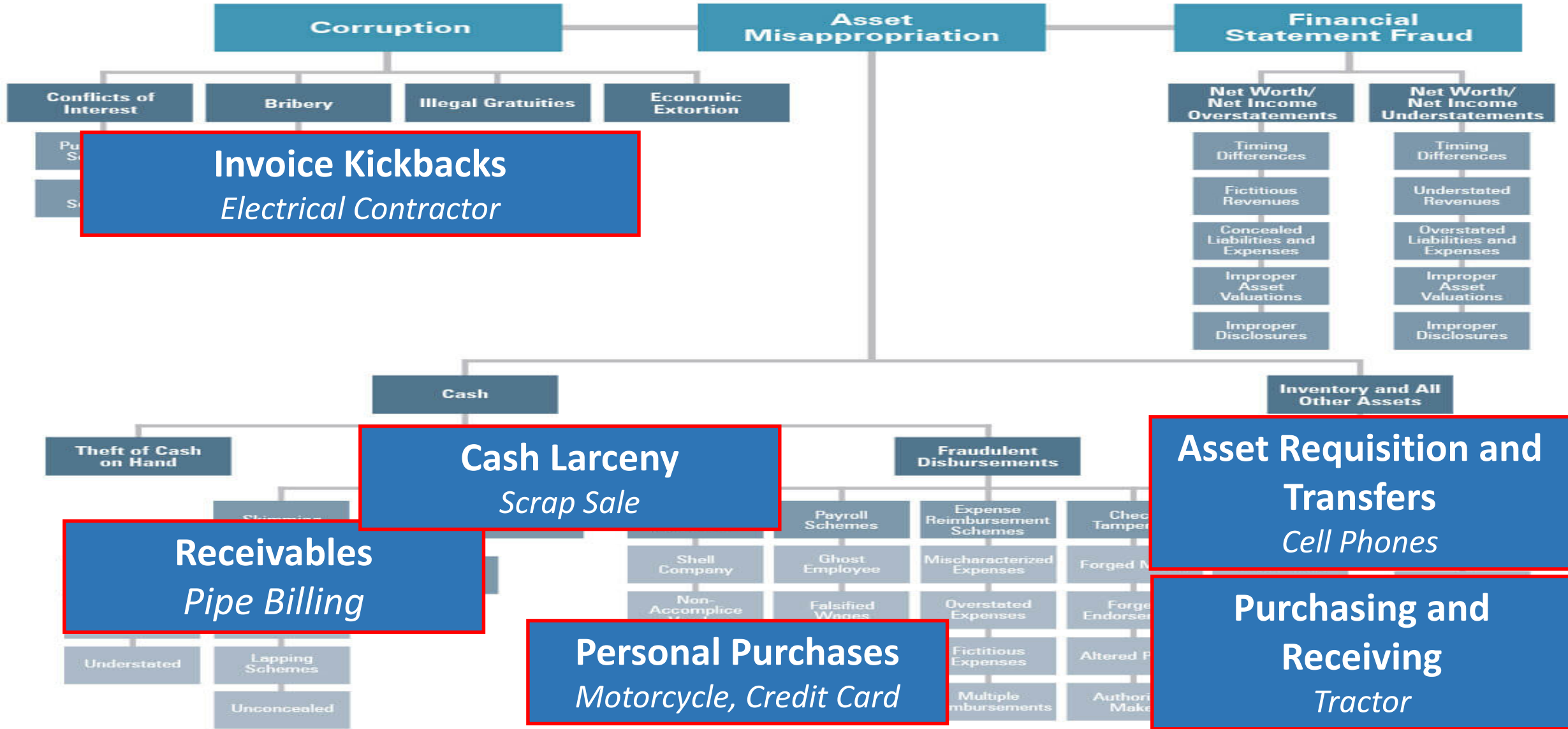
Case Study



- Autauga County Commission Chairman
- Chief - Autaugaville Fire Department
- Manager – Autaugaville Water Dept.

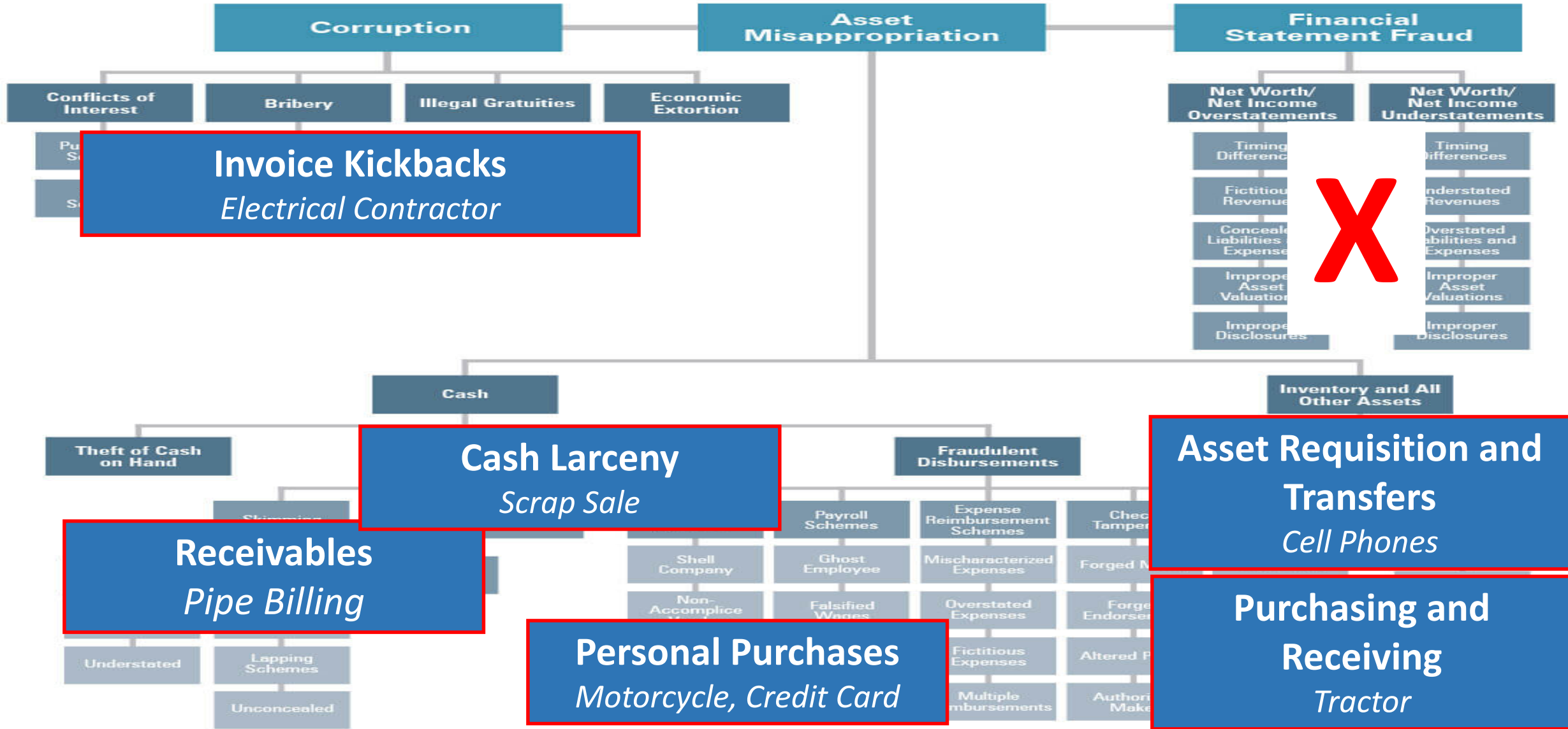
THE FRAUD TREE

OCCUPATIONAL FRAUD AND ABUSE CLASSIFICATION SYSTEM



THE FRAUD TREE

OCCUPATIONAL FRAUD AND ABUSE CLASSIFICATION SYSTEM





Autaugaville Volunteer Fire Department



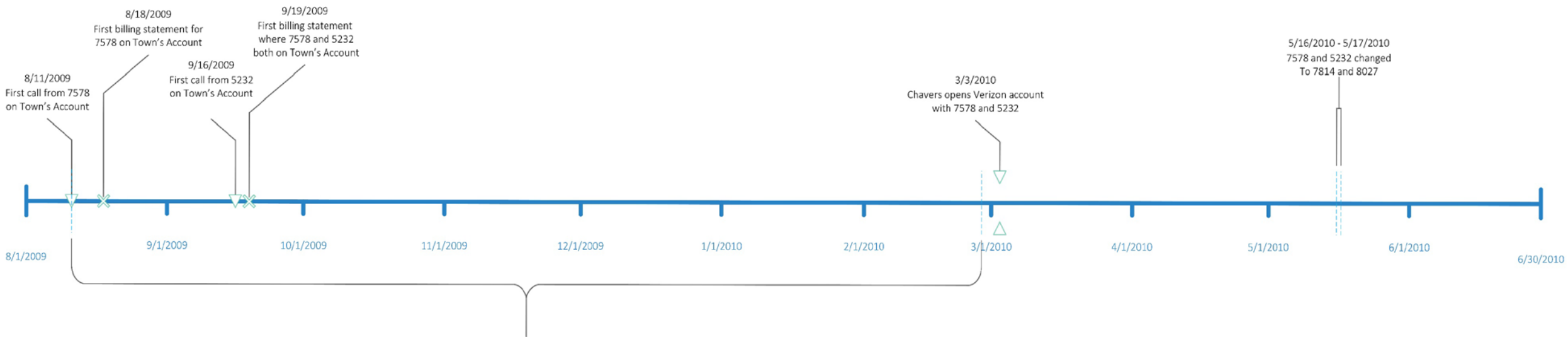
- Funded primarily by 3mil county tax
- Danny Chavers chief – appointed by City Council
- Board became defunct
- All business handled exclusively by Chavers by 2007
 - Moved bank account
- Fraud “blew up” when could not pay insurance



Fire Department Checking Account



- **\$240,675.04**
 - 8 Credit Card Companies
 - 1 Finance Company for Motorcycle Payment
 - 1 Utility Company
 - 1 Satellite TV Company
 - 1 Gas Credit Card



8/11/2009 - 2/27/2010

5232 and 7578 Incur \$3,003.90 in charges on Town's Account

Current Numbers:
 [Redacted] s – (334) 531-8027
 [Redacted] – (334) 531-7814

Prior Numbers:
 (334) 782-7578
 (334) 531-5232

	Town's Account		Chavers Account		Chavers Account	
	782-7578	531-5232	782-7578	531-5232	531-7814	531-8027
Danny Chavers						
[Redacted] Cell Phone						
12 year old friend of [Redacted]						
[Redacted] old home phone						
[Redacted] unpublished work number						
Autaugaville Town Hall						
Cell phones on Autaugaville act. (except D. Chavers)						
[Redacted] cell phone (D. Chavers sister)						
[Redacted] cell phone (D. Chavers current wife)						

Equipment Theft



Tractor - \$2,019

- Water Department Purchased Used
- Recovered from Chavers Home
- Painted and New Tires

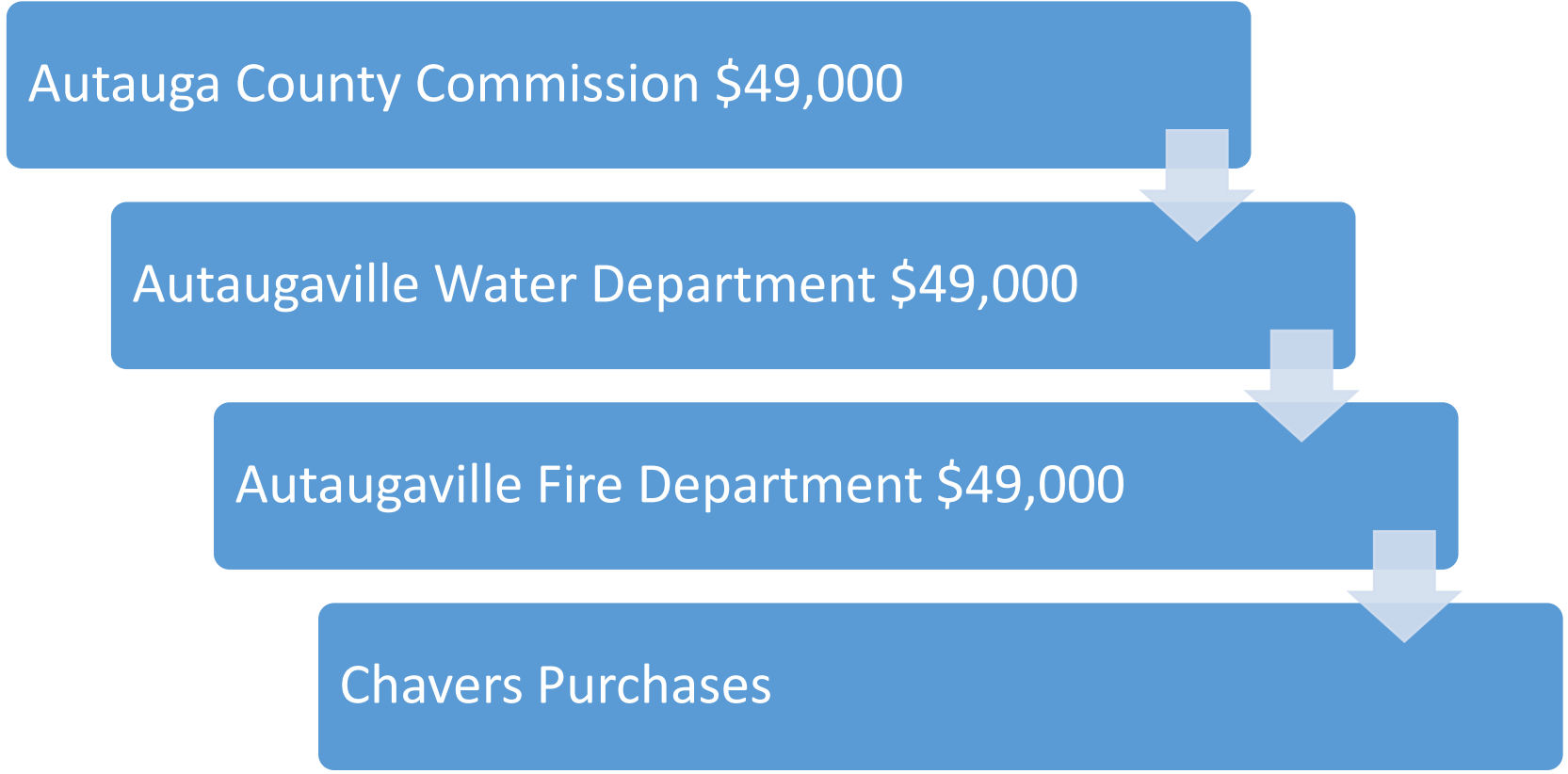
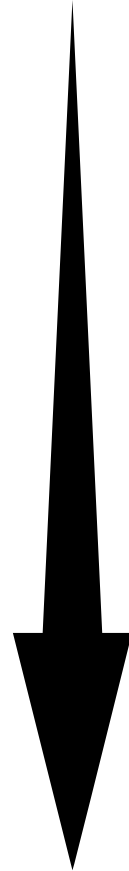
Disc Harrow - \$600

- Water Department Purchased Used
- Sold for Scrap 2 Months After Purchase
 - \$284 Received by Chavers





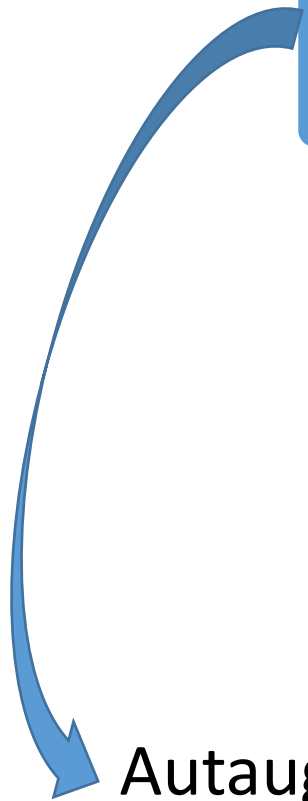
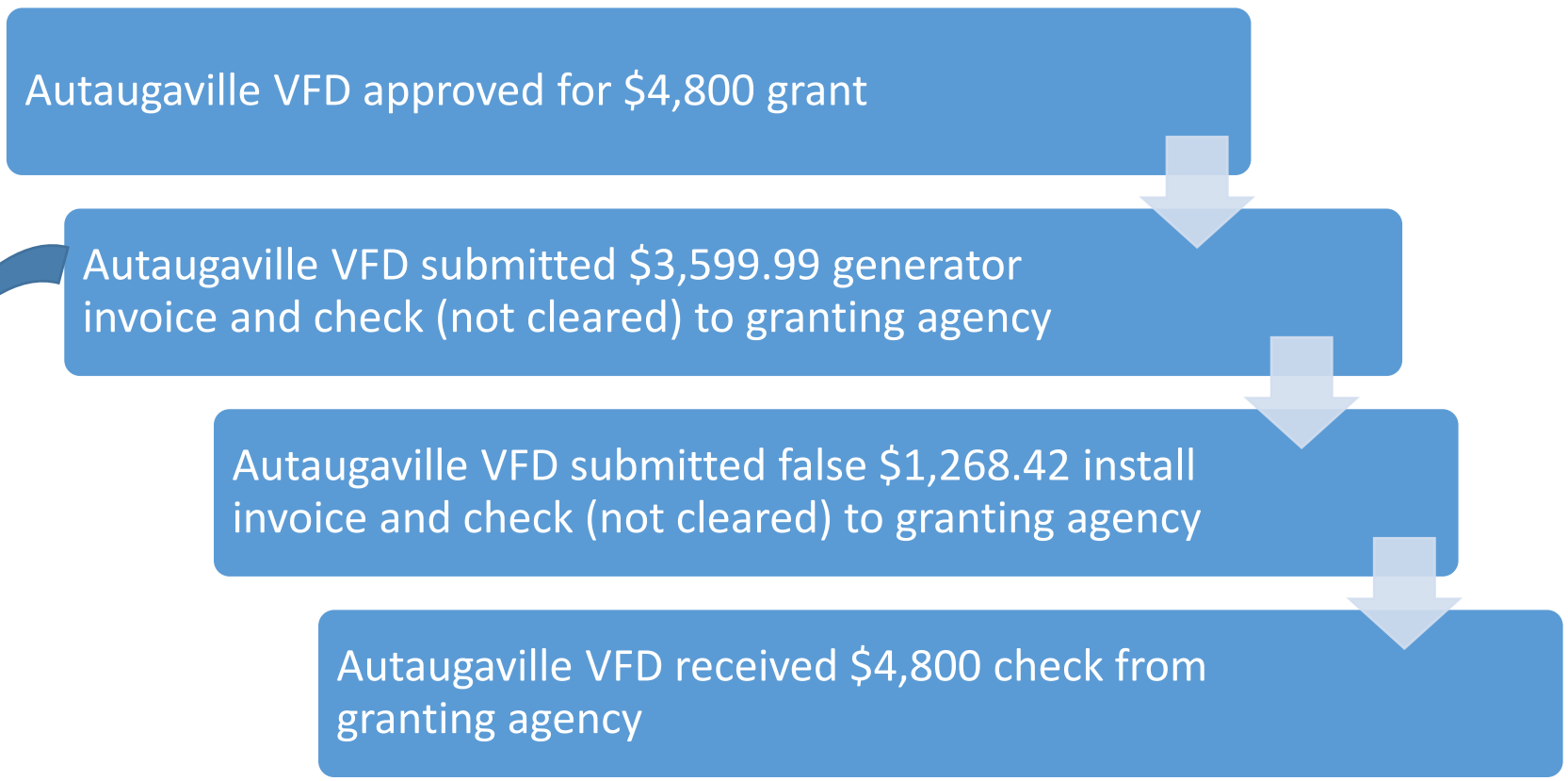
Water Line Funding



Autaugaville received ADECA grant to fund the water line



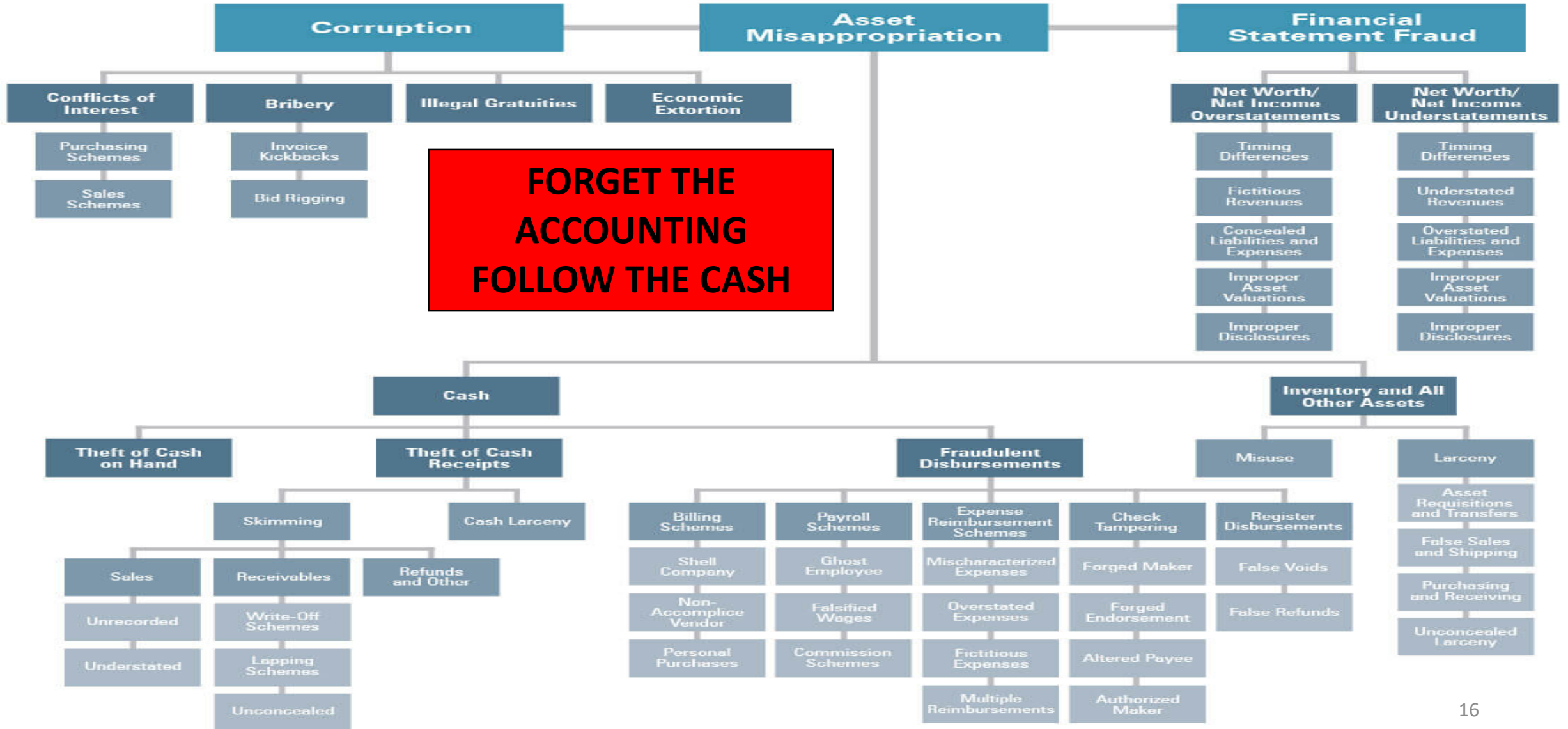
Generator Funding



Autaugaville Water Department paid \$3,599.99 for generator

THE FRAUD TREE

OCCUPATIONAL FRAUD AND ABUSE CLASSIFICATION SYSTEM





QUESTIONS?

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