



All the Queen's Horses

Small town. Large fraud. Global problem.

POLL QUESTION

How Are Most Frauds Discovered?

- a. External Auditors
- b. Internal Auditors
- c. Whistle-blowers
- d. None of the Above



RC









**Illinois Department
of Transportation**

Invoice

City of Dixon
121 W 2nd
City Clerk
Dixon, IL 61021

INVOICE NO. 101492
RESP. CODE 8040
INVOICE DATE 06/22/2007
REVENUE CODE 6305
AUDIT NUMBER
PAYER NUMBER 06514

EXPLANATION OF CHARGES

PAY FROM THIS INVOICE

LOCATION: IL 28 & Bloody Gulch Road
LOCAL SECTION:
ROUTE: FAP 316
SECTION: 101TS
COUNTY: Lee
JOB NO.: C-92-110-06
PROJECT NO.: HS-0316/031/
CONTRACT NO.: 64C26
DISTRICT: 2

AMOUNT

The Agreement executed 5/19/2008 between
City of Dixon, and the State of Illinois
provides that the city will reimburse the State
for part of the construction costs.

FINAL CITY SHARE:

LS30L01 @ 5%	\$146,139.04	\$7,306.95
Plus engineering @ 15%	\$7,306.95	\$1,096.04
City of Dixon share	\$8,402.99	
Payment Due Date 07/06/2007	TOTAL DUE	\$8,402.99

PLEASE MAKE CHECK PAYABLE TO TREASURER, STATE OF ILLINOIS

MAIL TO: Illinois Department of Transportation
Room 322, Harry R. Hanley Building
2300 So. Dirksen Parkway
Springfield, IL 62764

INQUIRIES CONTACT: Sunday Ocole at 217/785-4817.

INVOICE

INVOICE NO. 78947
RESP. CODE 8040
INVOICE DATE 11/15/03
REVENUE CODE 6305
AUDIT NUMBER
PAYRR NUMBER 06614

DIXON, CITY OF
C/O City Clerk
City Hall
Dixon
IL 61021

EXPLANATION OF CHARGES

PAY FROM THIS INVOICE

LOCATION: Route 26 & South Galena Avenue
LOCAL SECTION:
ROUTE : FAS1
SECTION : 10113-3
COUNTY : Lee
JOB NO. : P-92-105-98
PROJECT NO.: FAS-02-39-02/000
CONTRACT NO.: 64362

397 - 11/24/03
a/c# 720037

The Agreement executed between DIXON, CITY OF, and the State of Illinois provides that the city will reimburse the state for part of the construction costs.

CITY SHARE: \$1,250,000.00

Bal. 235,000

Upon Award

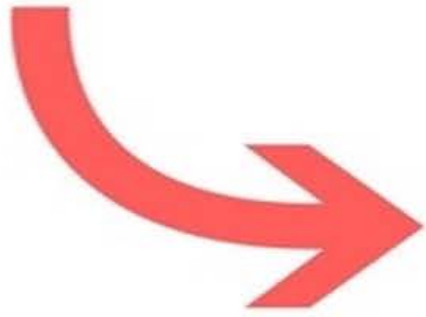
Payment Due Date: 11/01/03

NOW DUE \$500,000.00

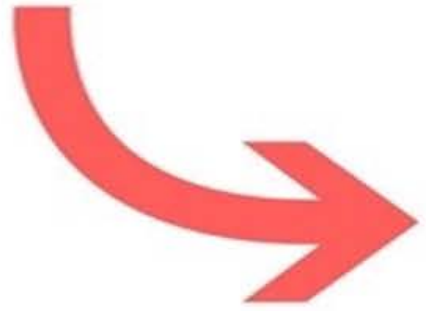
PLEASE MAKE CHECK PAYABLE TO TREASURER, STATE OF ILLINOIS
AND MAIL TO: Illinois Department of Transportation
Room 322, Harry R. Hanley Building
2300 So. Dirksen Parkway
Springfield, IL 62764

THE SETTLEMENT

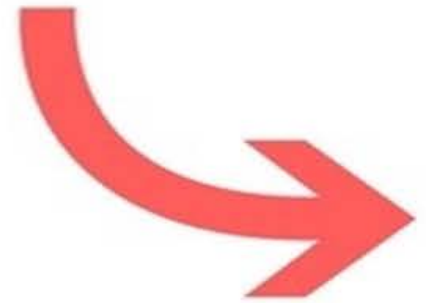




**Financial decisions dominated
by one person**



Lack of segregation of duties



Lack of auditor independence

POLL QUESTION

Which strategy can be used to prevent fraud?

- A. Making sure duties are segregated.
- B. Not allowing financial decisions being dominated by one person.
- C. Conducting background checks.
- D. All of the above.

KEY TAKEAWAYS



92%

of the fraud cases had at least one red flag identified.



64%

of the fraud cases, the fraudster exhibited two or more behavioral red flags.