

# **ANDREW R. SHANK**

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INDIANA STATE BOARD OF ACCOUNTS  
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## **BACKGROUND**

- **BORN AND RAISED IN INDY**
- **ISP BEGINNING IN 2001**
- **LAW SCHOOL GRAD**
- **FBI TASK FORCE OFFICER BEGINNING IN 2009**
- **STATE BOARD OF ACCOUNTS 2015**
- **NOTABLE CASES WITH FBI:**
  - **WILLIAM CONOUR**
  - **INDY LAND BANK**
  - **DANIEL RODDEN**

## MY ROLE

- **HOLD PEOPLE ACCOUNTABLE**
- **LIAISON WITH LAW ENFORCEMENT**
  - LOCAL, STATE, FEDERAL
- **LIAISON WITH PROSECUTORS**
  - STATE
  - FEDERAL
- **WHEN CRIMINAL CONDUCT IS SUSPECTED, TAKE SBOA AUDITS FROM ACCOUNTING PRODUCTS TO CRIMINAL CONVICTIONS**

## AUTHORITY

- **IC 5-11-1-27: REQUIRES ALL LOCAL UNITS TO REPORT "MATERIAL" LOSSES, THEFTS, OR SHORTAGES DIRECTLY TO SBOA**
- **WHAT IS MATERIAL?**
- **ERR ON THE SIDE OF CAUTION. IF YOU HAVE A MATERIALITY QUESTION, BE SAFE AND REPORT IT**
- **CHECK WITH YOUR GENERAL COUNSEL**
- **WE NEED TO KNOW IMMEDIATELY ABOUT MALICE, NOT MISTAKES**

## REQUESTS

- **BE HONEST!**
- **EXPECT HONESTY FROM EVERYONE YOU WORK WITH**
- **REQUIRE HONESTY FROM EVERYONE YOU WORK WITH**
- **USE YOUR INTUITION – IF SOMETHING SEEMS STRANGE OVER AND OVER AGAIN...**
- **TWO ELEMENTS OF MOST SUCCESSFUL CASES:**
  - **HONESTY**
  - **COURAGE TO STAND UP TO DISHONESTY**

## HOW TO DETECT

- **NO ONE KNOWS YOUR PROCESSES BETTER THAN YOU**
- **ANOMALIES**
  - **THINGS WORK BETTER WHEN ONE PERSON IS ON VACATION**
  - **DEPOSITS ARE LARGER ON ONE PERSON'S DAYS OFF**
  - **PUBLIC BILLS BEING SENT TO SOMEONE'S HOME**
- **OVERLY PROTECTIVE OF THEIR JOB RESPONSIBILITIES**
- **LIVING BEYOND THEIR MEANS**
  - **GAMBLING**
  - **DRUGS**
  - **CARS**
  - **TRIPS**
  - **CLOTHING**

**A COMBINATION OF  
THESE SIGNALS**

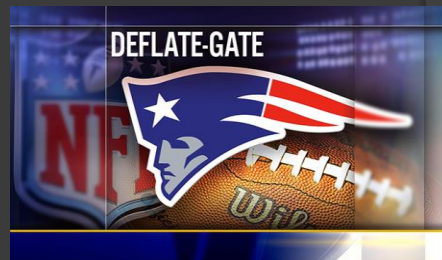
# WHAT TO REPORT

- THEFTS
  - SIMPLE
  - COMPLEX
- PAY TO PLAY/KICKBACKS/BRIBES
  - CONTRACTING
  - INSPECTIONS
  - EMPLOYEES TO DO THEIR JOBS
- THE “OLD GUY” RULE

# PROBLEMS

*It isn't the original scandal that gets people in the most trouble - it's the attempted cover-up.*

*Tom Petri*



## HOW TO REPORT

- **CALL/EMAIL ME!**
- **YOUR FIRST INSTINCT MAY BE TO TELL LOCAL LAW ENFORCEMENT**
  - **NOT A BAD IDEA, BUT CAN BE A PROBLEM IN ITSELF:**
    - **SMALL TOWNS/COUNTIES: EVERYONE KNOWS EVERYONE. ELEMENT OF SURPRISE LOST.**
    - **LARGER TOWNS/COUNTIES: LAW ENFORCEMENT HAS MORE PRESSING PROBLEMS. CAN GET LOST IN THE SHUFFLE.**
- **BY TELLING SBOA EARLY, WE CAN CONSTRUCT A PLAN TO DETERMINE EXTENT OF POTENTIAL FRAUD**

## WHAT CAN HAPPEN IF YOU DON'T REPORT

- IN VIOLATION OF STATUTE
- IF YOU ARE AWARE AND DO NOT REPORT, THE PERCEPTION CAN BE THAT YOU ARE JUST AS GUILTY
  - OR WERE INVOLVED AS A CO-CONSPIRATOR...
  - OR CONDONED...
  - OR WERE ASLEEP AT THE WHEEL...

## None of Which Are Good!

- ALWAYS BETTER TO CONFRONT ISSUES BEFORE THEY EXPLODE THAN CLEAN UP MESS AFTERWARDS
- JOINT AND SEVERAL LIABILITY

## PROBLEM AREAS

- CREDIT CARDS
- CASH, CASH, CASH
- ANYWHERE ONE PERSON HAS SOLE RESPONSIBILITY FOR A DUTY
  - ADJUSTMENTS
  - PURCHASING
  - LOGGING PAYMENTS
  - RECONCILING ACCOUNTS
  - INVOICING

## HOW TO PREVENT

- ⦿ CROSS-TRAIN AND ROTATE JOB FUNCTIONS
  - BENEFITS BEYOND FRAUD PREVENTION/DETECTION
- ⦿ PAY CLOSER ATTENTION TO POTENTIAL PROBLEM AREAS
- ⦿ MONTHLY RANDOM SAMPLE OF CASH TRANSACTIONS
  - COMPARE INCOMING TO DEPOSITS
- ⦿ SCRUTINIZE CREDIT CARD STATEMENTS
  - NO LUMP SUM/FULL BALANCE PAYMENTS
- ⦿ DETERRENCE: TALK TO YOUR EMPLOYEES
  - THEY WILL BE HELD ACCOUNTABLE
- ⦿ FOLLOW THE RULES

## THE AFTERMATH

- **HINDSIGHT IS ALWAYS 20/20**
- **DON'T KICK YOURSELF**
  - **THE THIEF WAS CONSCIOUSLY TRYING TO EVADE DETECTION WHILE YOU RIGHTFULLY ASSUMED THEY WERE HONEST**
- **LEARN FROM YOUR MISTAKES**
- **TAKE IT A STEP FURTHER**
  - **POLICIES**
  - **PROCEDURES**
  - **LOOK FOR WEAKNESSES**
  - **THINK LIKE A CRIMINAL**

## WHAT IS NOT CRIMINAL

- **MISMANAGEMENT**
- **SLOPPINESS**
- **NEGLIGENCE**
  
- **ALL OF THESE THINGS SHOULD BE AVOIDED, BUT DO NOT WARRANT A CRIMINAL INVESTIGATION**
- **WE INVESTIGATE THOSE ENRICHING THEMSELVES, NOT THOSE WHO ARE JUST BAD AT THEIR JOBS**

## CASE STUDIES

- SPEEDWAY
- OWEN COUNTY
- INDY LAND BANK

## EXTERNAL FRAUD

- ◎ THE APPROACH
  - PHISHING EMAILS
  - SOCIAL ENGINEERING
    - PHONE
    - EMAIL
- ◎ THEFT METHODS
  - WIRE TRANSFERS
  - EFT
- ◎ PREVENTION
  - IT PREVENTION (EMAIL SCREENING, PASSWORD RESETS & STANDARDS)
  - VERIFY, VERIFY, VERIFY



## CONTACT INFO

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