



The Tragedy of the Farm

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Act 1, Scene 1: A job applicant is being interviewed for a position with significant financial responsibility as part of a large hiring. This is part of the interview.

Interviewer: You don't list any job between 1990 and 1995? Where were you; and, what were you doing?

Applicant: I was out in the valley on a farm for most of that time. I got quite anxious to get back in the game, so to speak - so here I am.

Interviewer: Your resume is a bit unclear. Do you have an accounting designation?

Applicant: I did have one but it ended when I went to the farm. It is an excellent background to know how financial reporting and accounting systems work but it is not needed for this position of course. The rules say that I cannot say I am or was an accountant. I have to be silent on that issue, or get into trouble.

Act 5, Scene 1: The Director of Internal Audit (IA) is reporting to the HR VP a theft of funds.

IA: We have a problem. It's actually close to a million dollar problem (US). The bad news is that this is about a half million dollars more than he stole at his last job. He got five years in jail for that and the company recovered little of the money. He then served time in the federal prison out in the valley.

Interviewer: We spoke to the people handling this applicant and they recall that they didn't know how to reach his former employer as the company he stole from had shut down.

HR VP: He was hired as part of that mass hiring. That group has been a hit and miss group. Not all have worked out, but we got lucky on some of them. I guess he slipped through the cracks. We used some seconded supervisors to check their backgrounds – they aren't trained to do this work which we felt uncomfortable with but the executive wanted a group all hired at the same time to get the new training course and get them working quickly. He was actually pretty good. Too bad it wasn't on our behalf.

IA: Oh, did I tell you that his accounting designation was stripped from him when he was convicted?

HR VP: I checked and found that they just asked for a copy for the file. He just sent a note back saying it was lapsed and he could not say he was an accountant according to the rules nor provide copies. I guess he wasn't lying.

IA: We have done some checking and it appears that his major assets are all in his wife's name including their vehicles. He has very little in his personal bank account so we are trying to figure out where the money has disappeared to.

HR VP: Funny thing. His boss now says he was a big spender. He'd buy lunch on Fridays for the whole department and was taking lavish trips.

IA: Our report being prepared for the Board of Directors Audit Committee is going to include requirements for more stringent record checking on new hires. This will include confirming employment, degrees, professional designations, and contacting references. For financially sensitive jobs, we will

require credit and criminal record checks and possibly civil litigation. We will also require periodic credit report updates. This is a major theft that is material to our company and must be reported. Needless to say it will get out in the media pretty quickly. This will be a big story that interests our shareholders.

HR VP: Well you won't have trouble getting HR to sign off on these new requirements. We have advocated for some time the use of external background screening companies to strengthen our hiring processes.