**The Dixon, IL Accounting Fraud: The Case of Rita Crundwell**

**Business ethics, fraud, conflicts of interest, internal controls**

Description: In this video, Devon Bruce unwinds the fraud that Rita Crundwell engaged in over 19 years defrauding Dixon, IL out of over $52 million. She used the money to fund her extravagant lifestyle, including her love for quarter horses. While the city should have noticed red flags, Crundwell was trusted and had excuses for why there were cash shortfalls. The law firm was able to produce the largest recovery by a municipality through civil litigation—$40 million.

Please share your thoughts on the following issues as you watch Devon Bruce unwind the fraud that Rita Crundwell engaged in over 19 years in defrauding Dixon, IL out of over $52 million. The law firm was able to produce the largest recovery by a municipality through civil litigation—$40 million. *Use with:* <https://www.youtube.com/watch?v=ZCxMMVShRAM>

1. What are the implications of the city of Dixon, IL having no CPA, or full or part time accountant?
2. What were the potential conflicts of interest with the accounting firm, Clifton Gunderson?
3. Why do accounting firms not catch most accounting fraud?
4. Should one person be able to open a city bank account linked to other city bank accounts?
5. What should the key ‘tipoffs’ that fraud was occurring have been to the auditors?
6. How do you think most fraud is discovered?
7. What are some of the ways that accountants can verify fixed assets?
8. How does ‘healthy skepticism’ come into play at Clifton Gunderson?
9. What were the internal control problems between the accounting firm and the City of Dixon, IL?
10. Accountants, since 2005, cannot do non-attest services and audit services. Why?
11. What were the ‘red flags’ of fraud in this case?
12. Do you support the notion of employing rotating accountants in auditing? Why or why not?