


Washington State Auditor's Office Fraud External Investigation Review Checklist

Fraud Case Number	F-23-462
Client	Department of Corrections
Fraud Specialist	Erik Simonson
Date Completed Investigation Review	January 12, 2024 / Updated March 8, 2024









Objective:

Audit Policy 1410 may allow all or a portion of an investigation to be performed by a client, law enforcement agency (LEA) or other third party. In such cases, fraud investigators will review this work using the external fraud review checklist to determine if the investigative methods and conclusion can be relied on or if additional procedures are needed.

Investigators will contact Team Special Investigations, if you have questions or concerns during your review.

Summary of Notification of Suspected Loss		
1	When was our Office notified of the suspected loss? If we identified the suspected loss, when and how?	11/30/2023 – Client reported the loss (Michelle Walker, Audit Director/Ethics Advisor)
2	If there is assigned responsibility (Full Name, Position title)? If so, does the subject of the investigation have access to other accounting and financial systems? If yes, describe.	Yes – Preston Reece, Corrections Records Technician. The subject does not have access to accounting or financial systems.
3	What is the employment status of the subject? Add key date information.	The subject resigned his position as of February 20, 2024.
Investigator information		
4	Who conducted the investigation? Full Name, Title	Tim Birley, Procurement and Logistics Manager
5	In your judgment, is the individual investigating able to conduct an objective investigation? If no, describe.	Yes. The manager is not part of the work unit associated with the loss. We did not note instances where bias was apparent in the investigation.
6	Does the individual have the experience and/or knowledge necessary to conduct the investigation? If no, describe.	Yes – the investigator was a departmental manager and would have experiences needed to perform an internal investigation.
7	Has our Office had any prior concerns working with the individual investigating? If yes, describe.	No.
8	Has the investigation been reviewed by the client?	Yes – The Department is entering into a restitution agreement with the subject, which is the last step in this case. We reviewed and approved restitution language requested by the Department [ B.2.13].
Scope, Methodology, and Evidence		

9	What was the scope (timeframe) and methodology of the investigation? Please describe approach, records reviewed, etc.	<p>The investigation focuses between January 3, 2023 and July 21, 2023. The investigation focused on this time because the subject admitted they did not perform their assigned work during this period for a total of 362 hours. The subject did not admit to misreporting hours after July 21, so DoC does not feel they have the authority to broaden the scope of their investigation.</p> <p>We received performance information as early as March 2022, and the Ethics Director inquired internally if loss occurred after July 21, 2023. Based on this we confirmed the performance issues began April 2022, and the Department noted that the performance concerns changed after July 2023 as the Department spoke to the subject and began monitoring more heavily.</p> <p>The subject remains employed by the Department as of January 24, 2024, and the Department's focus is on closing this investigation and terminating the subject.</p> <p>The investigator reviewed work completion and performance reports, computer log-in data, interviews with the subject and their managers, TEAMS screenshots, and management notes documenting key performance discussions.</p>
10	Describe analytical procedures performed by the investigator including the time frame used.	The Department and investigator performed calculations to determine the amount of wages overpaid to the subject, including some overtime wages paid.
11	Were tests of transactions conducted using the lowest possible original source documents? Describe the records.	Transactions are not involved in this investigation and loss. See question 9 for source documents reviewed as part of the investigation.
12	Were interviews conducted of entity personnel? If yes, add date of interview, name of person interviewed, and position title.	Madilene Baunsgard, Correctional Records Supervisor – 8/22/2023 Preston Reece (subject), Correctional Records Technician, 9/27/2023
13	Was the subject interviewed or given the opportunity to respond to the allegations? If yes, add date of interview. In cases where the individual is not interviewed, is the justification documented? How did the subject respond to the key interview questions? Did they take responsibility for the misappropriation? If yes, when and how much?	<p>Yes – on 9/27/2023. The subject admitted to not performing work during his assigned hours between January 3, 2023 and July 21, 2023. He agreed with the amount of time determined in the investigation, which totaled 362 hours or \$8,561.30. DoC performed a more thorough analysis of the subject's pay and revised the loss estimate to \$9,700.32. On February 17, 2024, DoC determined that overtime wages paid during the investigated period were also misappropriated, for a final overpayment of \$10,229.26.</p> <p>He noted how much time he spent doing things other than working in his interviews on September 27 and 29, 2023, which agrees to the total hours determined by the investigator.</p>
14	Did the individual investigating address the "what else" question?	No. The investigation includes performance data that precedes the investigation period and indicates that the subject was not performing work as early as April 2022.
15	Does the investigation conclude with responsibility assigned? If so, add Full name,	Yes - The Department informed us in the initial fraud report that they substantiated the allegations and the subject

	Position Title. Describe support/records used to assign responsibility.	admits to the allegations himself.
16	When did the individual investigating complete the investigation?	September 30, 2023
17	What are the results of the investigation? Is the conclusion supported by work performed? (Summarize the results of the investigation including misappropriation, questionable amounts and the loss period.)	The Department substantiated the allegations and are seeking restitution for wages paid but not worked between January 3 and July 21, 2023. The investigation substantiates the allegations for that time frame, however, does not address wages paid before or after the investigation's scope.
18	Have any restitution agreements been signed? If so, describe.	The Department is actively seeking restitution and issued a letter on February 14, 2024, to recover the overpayment.
19	Who has received the results of the investigation?	DoC management and our office.
Conclusions		
20	Describe what and the amount of the investigation conclusions you tied out to underlying support. Add links to records we created to document our review.	We reperformed [  B.2.12] DoC's calculations for agreed upon hours reported as worked but should be recorded as LWOP, which totaled \$10,229.26. We also tied key interview statements [  B.2.PRQ] and agree that the subject admitted to not working an agreed upon amount of time.
21	Do you agree with the methodology used to assign fixed responsibility?	Yes – the subject estimated the amount of time he did not work. The amount of time not worked looks reasonable based on the subject caseload performance metrics. The Department calculated the loss based on his salary paid per month and any overtime paid to best approximate the loss amount. We recalculated the LWOP days using the Department's methodology at [  B.2.13] with no variances.
22	Do you have any concerns about the work or evidence obtained? If yes, describe.	No – the supervisor collected records as this problem unfolded and preserved records that assisted the investigator.
23	Do you agree with the conclusions? If no, describe.	Yes – the conclusions are appropriate and supported.
24	Document how any concerns noted during this review will be resolved. If you think additional procedures should be performed, please describe and contact Team SI to discuss and obtain approval for the investigative plan and budget.	The subject's performance metrics indicate that there is a reason to believe he was being paid while not working between April 2022 and January 3, 2023. The subject did not meet performance standards during this timeframe except during one month. The investigation includes comments from both the supervisor and subject that indicate the subject struggled to complete work and stay on task prior to the investigation's scope. The employee worked in a hybrid environment with some telework and some work at the headquarters [  B.2.1] (page 60), with a telework agreement in place as early as June 17, 2021. He also signed an outside employment request form (page 80). His supervisor kept supervisory conference notes starting on 3/3/2023 (investigation pg 43) and held intermittent meetings with the subject (weekly, bi-weekly, or monthly). The

		<p>supervisor also kept records of Teams conversations (investigation pg 59).</p> <p>We determined the time paid for the period of April 2022 through December 2022 is questionable, but we are unable to determine amounts of overpayment for this period.</p>
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