

Fraud Report

Fraud #: F-23-477

Submission Date: 12/22/2023

Entity: Ocean Shores, City of

Dashboard

Short Description: permit receipting

Investigation Status: Closed

Assigned Team: Olympia

Assignment Notes:

Detection Method: Entity Management

Entity: 0352

Total Budget: 6.5

Team Budget: 6

Audit Number: 65304

Audit Documentation: Database Only

TM Project Code:

Ok to release/bill time: No

Primary Loss Type: Cash Receipts

Loss Type Notes or Sub Category:

Cyber Loss Category: --

Cyber Cause: --

This case contains sensitive information: No

Which tab or attachment contains sensitive information?

Results: No Action - required to assess on next audit

Closed Date: 06/03/2024

Inactivate: No

Inactive Notes:

Contact

Created By: Angela Folkers

Name: Angela Folkers

Title: Finance Director

Phone: (360)289-2488

Email: afolkers@osgov.com

Assignment Notes:

Paw and Plan

Loss Notification Date: 12/22/2023

PAW Assignment Date: 12/27/2023

Initial Contact with Entity Date: 12/28/2023

Assessment Completion Date: 01/03/2024

Reviewing Team: Olympia

Team Review Date: 01/04/2024

Fraud Team Review Date: 01/05/2024

Please describe, if we did not meet 5 and 10 day requirements:

Action/Next Step: Draft plan, open investigation - Start with obtaining the external review the City has performed so far, then move on to drafting our own plan/investigation steps.

Outcome

Exit conference date:

Exit conference attendees:

Misappropriation assigned amount:

Name and title of responsible party:

Misappropriation unassigned amount:

Questionable amount:

Misappropriation recovery amount:

Loss Amount:

Cyber recovery Amount:

Final audit cost:

Audit report number:

Audit report issue date:

Other case # s reported with this one:

Restitution

SAO Approval Date:

SAO Approval Initials:

AG Approval Date:

SAO Approval Initials:

Amount Approved:

Point of Contact:

Contacted PA Date:

Post audit PA/LE/FBI contact notes:

Activity Log

Date	Entry
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12/27/2023	PAW Notification Sent
12/27/2023	'Short Description' field updated, 'Investigation Status' field updated from 'Pre-Triage' to 'Assessment/PAW', 'Detection Method' field updated from '--' to 'Entity Management', 'Audit Documentation' field updated from '--' to 'Database Only', 'Phone' field updated, 'PAW Assignment Date' field updated from '' to '12/27/2023' by thompsona
12/28/2023	'Total Budget' field updated from '' to '0', 'Team Budget' field updated from '' to '0', 'Audit Number' field updated from '' to '65304' by hopkinsr
01/05/2024	'Investigation Status' field updated from 'Assessment/PAW' to 'Waiting on External Review', 'Total Budget' field updated from '0.0000' to '6', 'Team Budget' field updated from '0.0000' to '4', 'Assignment Notes' field updated, 'Initial Contact with Entity Date' field updated from '' to '12/28/2023', 'Assessment Completion Date' field updated from '' to '1/3/2024', 'Team Review Date' field updated from '' to '1/4/2024', 'Fraud Team Review Date' field updated from '' to '1/5/2024', 'Action/Next Step:' field updated by thompsona
01/05/2024	Attachment added
01/05/2024	Start with obtaining the external review the City has performed so far, then move on to drafting our own plan/investigation steps. Also, it sounds like the City has concerns files would be destroyed - once we notify the City of our intent to investigate we should ensure they are confident they can safeguard the files. (thompsona)
01/19/2024	Attachment added
01/19/2024	Met with Beau to go over the preliminary documents City sent over. Based on Beau's review we did not identify any actual losses from what the City has given us - going to circle back with SI Team to see if we could recommend the City reach out to the vendors who received waived fees to determine if they recall if the fees were actually waived, and if no, if they potentially paid in cash. If no loss can be substantiated we would likely follow up on this in the next AC audit as there are clear control issues. (thompsona)
02/14/2024	Meeting with City at 10:30 to get update. (thompsona)
02/14/2024	City still could not find documentation to evidence actual loss/misappropriation but will be reporting to law enforcement. (thompsona)
02/22/2024	Meeting with Grays Harbor detective regarding their inquiry. (thompsona)
03/13/2024	Detective is looking in to but was not confident they can completed an investigation - waiting to hear more. (thompsona)
06/03/2024	'Investigation Status' field updated from 'Waiting on External Review' to 'Closed' by thompsona
06/03/2024	Spoke with detective, they found no evidence of misappropriation during their records review and are no longer pursuing case. Detective noted there did appear to be some non-compliance and control issues - we will recommend team assess in the next audit. (thompsona)
06/03/2024	'Closed Date' field updated from '' to '6/3/2024', 'Results' field updated from '--' to 'No Action - required to assess on next audit' by thompsona

Initial Loss Report

Department/area of concern: Permit Department

What is the suspected loss or illegal activity? 2000

Start: 01/01/1998

End: 12/22/2023

What type of issue are you reporting? Cash Receipts

What type of cyber concern are you reporting? --

What was the cause of initial attack vector for the cyber loss? --

Please describe the type of issue:

Please describe the amount of loss: So far, it's approximately \$2,000. Still reviewing permit files. Amount expected to increase.

Please describe the suspected loss of illegal activity: SUBMITTED DESCRIPTION: Waiving permit fees for certain contractors and vendors.

How was the suspected loss or activity detected? We are currently scanning in the paper permit files to electronically archive them. The Records Clerk scanning the files noticed a number of files saying the permit fees were waived. The Mayor and City Administrator were promptly notified.

Is an investigation in progress? Yes

If an investigation by management, law enforcement or others underway, who is in charge of this investigation? The Records Clerk is continuing to go through the permit files and is documenting all of the waived fees. The Mayor and City Administrator asked if your office could perform an in-depth investigation for us.

What actions have you taken to date, if any? None to date. Just found the issue today. Continuing to review the files for additional waivers.

Are there any dedications of employee involvement? Yes

Name and/or title of employee that have been involved in (responsible for) the loss. Nettie Wagner, Permit Office Manager

Is this person still employed by the agency? Yes

Describe the employee's job responsibilities and areas or functions the employee has/had access to: Permit cash receipting. She has a city credit card. All credit card transactions are reviewed by the Finance Department and require supporting documentation prior to payment. No access to bank accounts or accounting software (Springbrook)

Have any restitution agreements been signed? No

Has a police report been filed? No

Do you have a copy? No

Who at the entity is aware this concern is being reported? Records Clerk, Mayor and City Administrator