

Easton School District No. 28

General

Code: 03Easton-FD21
Name: Easton School District No. 28
Group: School Programs
Type: 03-School District
Location: Kittitas
Scope: Not Applicable

Team

Lead: Sara Heath
Manager: Stephanie Sullivan

Procedures

B.1.PRG - Investigation Procedures

Procedure Step: Summary of Conclusions
Prepared By: SHE, 7/19/2024
Reviewed By: CLT, 7/19/2024

Purpose/Conclusion.*

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Purpose/Conclusion:

To summarize the results of fieldwork and assess whether evidence is sufficient and appropriate to support conclusions.

Record of Work Done.

A summary of the results of fieldwork:

On May 8, 2023, the Business Manager notified our Office regarding a potential loss of public funds as required by state law.

We initiated an investigation and determined a payroll, credit card, accounts payable, and timeshare misappropriation had occurred.

The investigation identified a potential loss totaling \$33,489 and questionable expenditures totaling \$58,423 between July 6, 2011 to August 30, 2021.

The entity has not filed a report with law enforcement.

Conclusion: Our results are summarized here: [[Investigation Conclusion Summary](#)]

B.1.PRG - Investigation Procedures

Procedure Step: Reported Loss and Investigation Plan

Prepared By: (None)

Reviewed By: SRS, 3/28/2024

Purpose/Conclusion.

Purpose/Conclusion:

- To document the initial reported loss and preliminary assessment completed.
- To document the investigation plan steps that addresses the anticipated investigation strategy, scope, staffing, and budget.

Record of Work Done.

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Reported Loss:

1. Initial contact was made with the client on March 13, 2023.
2. No PAW, team identified concerns during regular audit. Next steps, open investigation and draft plan.

Investigation procedures:

Based on the information contained in the completed PAW the following investigation procedures were determined:
Open investigation and draft plan.

1. Draft Investigation Plan. [Fraud Fieldwork Plan]
2. Inform entity of estimated investigation costs. An overall budget of 167 hours was approved.

B.1.PRG - Investigation Procedures

Procedure Step: Investigation Plan- Timeshare

Prepared By: SHE, 3/5/2024

Reviewed By: CLT, 8/6/2024

Purpose/Conclusion.:

Purpose:

To complete investigation plan step procedures.

Conclusion:

The District paid \$11,751 in questionable payments to WorldMark Properties over the course of ten years. Additionally, upon the sale, the District did not receive \$33,489 from the sale of the timeshare property.

Record of Work Done.:

Step 1 Plan: Timeshare (7/6/2011- 6/11/21) - We will review accounts payable transactions to determine the amount paid by the District to WorldMark for the timeshare purchase, timeshare dues, and maintenance. We will request detailed transaction reports from WorldMark to determine who used the timeshare, the location, and the dates. This test will show if the District used the timeshare for Board of Director "retreats" or if the District was paying for personal use of a timeshare.

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If personal use of the timeshare is determined, we will be able to show the total amount of District funds paid for the personal use of the timeshare.

Investigation Procedures:

We reviewed accounts payable transactions to determine the amount paid by the District to WorkMark for the timeshare purchase. See our work at [\[World Mark\]](#).

We then requested information from WorldMark to determine who used the timeshare, the location and the dates. See the WorldMark responses at:

- Subpoena Response [\[Subpoena for Timeshare Records - Patrick DeHudd - \(Response - WVO\)\]](#)
- Payment information [\[DEHUFF 00044001399 Payment information\]](#)
- October 2023 balance [\[DEHUFF WorldMark Balance 101023\]](#)
- Account Notes [\[DEHUFF 00044001399 NOTES\]](#), [\[DEHUFF Account 000440102457 NOTES\]](#)
- Contract [\[Contract No. 000440102457\]](#)- Transfer to Patrick DeHuff
- Contract [\[Contract No. 000460102457\]](#)- Transfer to Tracy Plouse and Patrick DeHuff
- Credit Summary [\[Dehuff #44001399 credit award deduction\]](#)

Based on the limited information and supporting documentation, we were able to determine that the District purchased the timeshare from Tony Fitzgerald, former School Board chair, for \$3,500. However, based on the note log provided by WorldMark, Mr. Fitzgerald "donated" the timeshare to the District and a \$299 transfer fee is recorded in the payment history. See documentation of the payment from the District's general ledger at [\[WorldMark Purchase\]](#). This payment for the timeshare was discussed and approved by the board, although documentation of the approval is not available for audit. The stated District use for the timeshare was for cost savings related to board retreats and conferences. Although the stated use of the timeshare was for District use, the ownership transfer was made to the prior Business Manager (Tracy Plouse) and the former superintendent, Patrick DeHuff. The timeshare was never transferred to the District name as the account must be in an individual's name not a business name, according to the account notes provided by WorldMark. On June 7, 2016 Tracy Plouse was removed from the District account and the superintendent's wife, April DeHuff, was added to the District account. April DeHuff is not an employee of the District.

We reviewed all transactions paid by the District to WorldMark to determine a total amount disbursed. See our work at [\[World Mark\]](#). As part of our requested information from WorldMark, we requested information regarding the usage of the account. Specifically, we requested a detailed accounting of dates, locations, and names of individuals who used the District's account. WorldMark provided the following [\[Dehuff #44001399 credit award deduction\]](#). The timeshare was used a handful of times at Lake Chelan, WA and Couer d'Alene, ID. With the proximity to the District, and the lack of detail of which individuals used the timeshare we were unable to determine if the use of the timeshare had a district purpose, although no discussion of board retreats were noted in board meeting minutes. We were not able to identify personal use of the timeshare properties. Over the course of the District ownership, the District paid \$11,751 in dues and fees to WorldMark for the timeshare.

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On April 13, 2021, the board voted to sell the WorldMarks shares [04-13-2021-School-Board-Meeting-Minutes]. We obtained the WorldMark transfer paperwork from Mr. DeHuff's work computer. See [Worldmark Sale Paperwork]. On July 16, 2021 the timeshare was sold to an unrelated third party. Based on the paperwork, the timeshare was purchased from the District for \$35,189. We reviewed the District's general ledger in order to ensure the District received the revenue from the sale of the timeshare. When we reviewed the general ledger we found the District received \$1,700 from the sale. See [Receipt for timeshare-\$1700 cash] and [Revenue from sale]. The District is unaware of why they did not receive the balance of \$33,489 from the sale.

Conclusion: Due to the lack of documentation and oversight at the District we can't tell if the timeshare property was used for a District purpose, or if the superintendent received a personal benefit from the timeshare property. The District paid \$11,751 in questionable payments to WorldMark Properties over the course of ten years. Additionally, upon the sale, the District did not receive \$33,489 from the sale of the timeshare property.

B.1.PRG - Investigation Procedures

Procedure Step: Investigation Plan- Leave
Prepared By: SHE, 3/5/2024
Reviewed By: SRS, 3/28/2024

Purpose/Conclusion.:

Purpose:

To complete investigation plan step procedures.

Conclusion:

We identified 40 hours of leave taken, but not deducted from the Superintendent's leave balance. Additionally, the Superintendent was overpaid by \$5,141 due to extra days worked and leave cash out benefits that were not allowable per his contract.

Record of Work Done.:

Step 2 Plan: Leave (7/1/08 – 7/1/21) – We will review the Prior Superintendents contracts to determine how many days of vacation and sick leave were allowed to be accrued each year and how many days were allowed to be cashed out. We will then obtain leave reports from the

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payroll systems to identify how many days were actually used and/ or cashed out annually. We will compare the actual amounts to the allowed amounts to ensure the Prior Superintendent did not exceed the allowable amounts.

We will then review calendars on the prior superintendents computer to compare days off to leave taken in the payroll system to ensure all days taken off were entered as leave in the payroll system.

When we receive information from WorldMark, if we identify that the Prior Superintendent used the timeshare, we will also compare days using the timeshare to the leave system to ensure all days the Prior Superintendent was not at work were appropriately deducted from his leave balance.

Investigation Procedures:

We obtained the employment contracts for all years Patrick DeHuff, Superintendent was employed with the District to determine how many days of vacation and sick leave were earned and accrued each year. We then obtained leave taken details from the Skyward Payroll system from Trisha Schock, Business Manager, to ensure that leave taken and cashed out did not exceed the amount accrued or the amount that was allowed to cashed out each year. See our work at [[Leave Accrual Testing](#)]. We were not able to obtain all contracts; however, some contracts contained multiple years. We relied on the terms included in those contracts and carried forward the information included after the initial contract year.

Mr. DeHuff was contracted to work the following number of days in the following years:

2014: 193
2015: 193
2016: 193
2017: 174
2018: 154
2019: 154
2020: 154
2021: 154

His contract also contained provisions for 10 supplemental work days per year. He was not contracted to work extra days or receive compensation for extra work days until the 2019-2021 contract. Beginning in 2019, Mr. DeHuff was approved to work 50 additional days to be compensated at his per diem rate. In our payroll leave accrual testing, we determined that Mr. DeHuff cashed out vacation days for days worked beyond those included in his contract. This is unallowable for all years not included in the 2019-2021 contract. See issue in our accountability audit at [03Easton-AC22]. Mr. DeHuff cashed out 800 hours of vacation leave for extra days worked, which is a benefit that was not included in his contract. However, Mr. DeHuff did have the vacation hours available to cash out. We also identified that Mr. DeHuff was out of the office at

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medical appointments as evidenced by a log of mileage and appointments. We compared the dates of the medical appointments to his work calendar and determined the days he was intended to be at work. We determined Mr. DeHuff did not deduct 40 hours of leave from his balance for days that we was not in the office.

For his 2019 contract he was compensated for 51 extra days worked in the form of vacation leave pay out. This is one extra day than was allowable which resulted in him being paid \$716 more than was allowed in his contract. In 2020 Mr. DeHuff cashed out six days of leave when his contract did not allow for any cash out provisions. This resulted in him being paid \$4,425 more than was allowed in his contract. Mr. DeHuff was overpaid by \$5,141 due to extra days worked and leave cash out benefits that were not allowable per his contract.

During our testing we identified that the District did not have leave requests for Mr. DeHuff for the FY 2008-2012 and for FY 2019 & FY2020. It is unlikely that an employee didn't take any leave during those years. It is the responsibility of the board of directors to ensure that all documents are retained as required by state law. See issue in our accountability audit at [03Easton-AC22].

We looked through the available calendars on Mr. DeHuff's computer and did not identify any vacation or sick leave days marked off.

Conclusion: Upon receipt of the account details from WorldMark, we reviewed the usage records to determine if Mr. DeHuff used the timeshare on work days and did not take leave. The account details did not contain enough information to determine if Mr. DeHuff used the timeshare. See the account details at [[Dehuff #44001399 credit award deduction](#)].

B.1.PRG - Investigation Procedures

Procedure Step: Investigation Plan- Credit Cards

Prepared By: SHE, 3/28/2024

Reviewed By: SRS, 5/28/2024

Purpose/Conclusion.

Purpose:

To identify transactions that may not have a District purpose.

Conclusion:

We identified \$29,975 in questionable transactions. The questionable transactions include travel, food and tourist attraction charges that do not

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appear to have an official District purpose.

Record of Work Done:

Step 3 Plan: Credit Cards (8/1/18-7/1/21) – We will review the credit card charges posted to the general ledger in order to identify unusual transactions that may not have a District purpose.

We will request original credit card statements from the bank for both the Prior Superintendent and the Prior Business Manager in order to identify any transactions that may not be recorded in the general ledger or that may not be for a District Purpose.

Investigation Procedures:

We started reviewing credit card transactions recorded to the general ledger for both the prior Superintendent, Patrick DeHuff, and the prior Business Manager, Marilyn Fudge, as they were identified as having positions that can override controls and were also identified as having made questionable transactions. We requested credit card statements directly from the bank as the District no longer had the statements at the District Office. We did not request the statements for the entire tenure of the Superintendent and Business Manager, but instead focused on August 2018 through July 2021. It was difficult to identify individual transactions as the District would record transactions in large lump sums. However, during our review of the credit card statements, we did not identify any transactions that were blatantly omitted from the general ledger.

We reviewed the credit card transactions as part of our accountability audit and found transactions that did not appear to have a district purpose. See our testing at [[Fudge cc testing](#)] and [[DeHuff cc testing](#)]. During our review, we were able to see the District recorded travel for sports or District-related conferences with notations in the general ledger showing the details. We identified several travel charges that did not include such details; when the travel was not specified as District-related we questioned the costs. We used our judgement to evaluate transactions in order to determine if they appear to have a District purpose. Based on our analysis we identified questionable transactions on the prior business managers card of \$26,397 and questionable transactions on the prior superintendent's card of \$3,578.

We identified many transactions on both cards to Amazon. Amazon transactions are inherently risky due to the ability to purchase many types of items with limited oversight. We subpoena'd detailed Amazon transactions to determine if transactions included purchases of a personal nature. The results of our subpoena did not result in the identification of personal purchases. See details at [[CRIM1291133 2023 DS_Response](#)].

B.1.PRG - Investigation Procedures

Procedure Step: Investigation Plan- Accounts Payable

Prepared By: SHE, 3/28/2024

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Reviewed By: CLT, 8/6/2024

Purpose/Conclusion:

Purpose:

To identify accounts payable transactions that may not have a District purpose.

Conclusion:

We identified \$16,697 in questionable transactions which include payments to the former business manager's husband, a bicycle shop and a glassblowing studio.

Record of Work Done:

Step 4 Plan Accounts Receivable (8/1/09-7/1/21) We will review accounts payable transactions posted to the general ledger, including petty cash transactions, for indications they may not have a District purpose.

We will request supporting documentation for questionable transactions in order to help us determine the validity of individual transactions.

Investigation Procedures:

We reviewed accounts payable transactions in our accountability audit at [03Easton-AC22] and identified some high risk vendors in which we will perform additional testing. We were made aware that the prior Business Manager would make payments without supporting documentation or professional judgment. Based on that information, we requested to see the master vendor list for the District. We scanned the list for high risk vendors. Based on our review, we asked Katherine Renton, Accounts Payable, to pull general ledger expense report for the vendors to review for unusual activity. See our review of those vendors here: [[High Risk Vendors](#)]. We identified unusual transactions from the high risk vendors. We identified transactions that are unsupported and do not appear to have a District purpose.

Conclusion:

We identified \$16,697 in questionable transactions which include payments to the former business manager's husband, a bicycle shop and a glassblowing studio.

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