

## Fraud Investigation Fieldwork Plan

<b>Reported Loss Information</b>		
Fraud Case No.	F-23-216	
Entity	Easton School District	
Date SAO was notified of loss	March 13, 2023	
<b>Investigation Resources and Timeframe</b>		
Fraud Specialist		
Audit staff	Sara Heath	
Budget (Team and Team SI)	167 hours, including 42 hours for Team SI	
Proposed start date for fieldwork	May 2023	
Proposed completion date for fieldwork	August 2023	
<b>Brief Background</b>		
<p><b>Timeshare</b></p> <p>The Prior Superintendent had the District purchase and make payments for a timeshare for the use of the Board of Directors for “retreats”. The Board of Directors never used the timeshare. The timeshare statements and purchase agreement are in the name of the prior superintendent. The District paid for the initial shares, all quarterly dues, and maintenance expenses for 10 years. The timeshare was sold in July 2021 for \$35,189; the District only received \$1,700 in revenue from the sale.</p> <p><b>Leave</b></p> <p>The Prior Superintendent accumulated hundreds of hours of leave and subsequently cashed them out almost annually. In 2021 the Board placed the superintendent on leave and cashed out the remaining leave balance. The Prior Superintendent did not deduct any vacation leave from his balance after 2018 nor did he deduct any sick leave from his balance after 2018 despite having known serious illnesses. It is unlikely that an employee would miss no days of work for three years.</p> <p><b>Credit Cards</b></p> <p>The Prior Superintendent and Prior Business Manager were known close friends and there appears to be some collusion related to personal payments being made on the District credit card. The District does not have any original credit card statements onsite from FY2018 through FY2021.</p> <p><b>Accounts Payable</b></p> <p>There are several payments made to both the Prior Superintendent and Prior Business Manager that do not appear to have a District purpose.</p>		
<b>Planned Strategy / Procedures- for each procedure describe the test area (Payroll, AP, etc) and include a detailed description of the test to perform including scope period.</b>		<b>Budget</b>
1	<p><b>Timeshare (7/6/2011- 6/11/21)</b> - 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.</p> <p>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.</p>	30

2	<p><b>Leave (7/1/08 – 7/1/21)</b> – 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 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.</p> <p>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.</p> <p>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.</p>	20
3	<p><b>Credit Cards (8/1/18-7/1/21)</b> – 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.</p> <p>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.</p>	10
4	<p><b>Accounts Payable (8/1/09-7/1/21)</b> – We will review accounts payable transactions posted to the general ledger, including petty cash transactions, for indications they may not have a District purpose.</p> <p>We will request supporting documentation for questionable transactions in order to help us determine the validity of individual transactions.</p>	10
5	Interviews- Superintendent, Business Manager, Board member <i>(15-Team, 10-Team SI)</i>	25
6	Discuss reporting with Team SI and draft reports	8
7	Admin time (team level review- 15, client communications-10, TM file & close out- 5)	30
8	Team SI review time	30
9	Exit Conference (team- 2, Team SI- 2)	4
<b>10</b>	<b>Total hours</b>	<b>167</b>