

Fraud Investigation Preliminary Assessment Worksheet

Fraud Case Number	F-23-298
Client	Central Washington University
Fraud Specialist	Stephanie Anglin
Loss Notification Date	7/26/2023
Initial Contact with Entity Date	7/28/2023
Assessment Completion Date	8/1/2023
Team Review-Name and Date	Ann Strand – 8/25/23
Fraud Manager Review Date	<u>Angelique Thompson, 9/6/2023</u>
Action/Next Step	<u>Review external investigation</u>

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The preliminary assessment worksheet summarizes the pre-planning information needed for the triage meeting. An assessment does not need to be completed on loss reports that do not require action per policy (losses resulting from breaking and entering or property vandalism normally handled by a law enforcement agency or by the entity, or other losses such as reasonable cash-receipting overages/shortages, reasonable inventory shortages or other de minimus losses).

Reported Loss Information		
1	Description of suspected loss or illegal activity	<p>Dr. Doug Presta’s actions led to the involvement of CWU in the 2023 Purser Paramedicine Conference, as funds from donors were directed to CWU and subsequently utilized to cover the expenses associated with the conference. Additionally, Dr. Presta utilized CWU speedkeys to charge expenses related to the conference, resulting in the conference becoming CWU business.</p> <p>In addition, it appears as if Mitchell Russell, Lecturer, had a close working relationship with Dr. Presta as a conference cohost, which could be subject to the same compliance issues.</p> <p>Further, Dr. Presta did not accept the organizational framework. Specifically,</p> <p>It was made clear that CWU will not be covering expenses for the conference. Yet, \$4,193 was claimed for reimbursement without receipts and \$22,402 were charged to CWU.</p> <p>Note: \$25,000 of donor checks were receipted at the CWU cashier’s office for this event.</p> <ul style="list-style-type: none"> • Doug submitted a reimbursement for the conference [“Presta CWU 3-24 EMS Conf reimbursement”] totaling \$4,193 which included a \$353 reimbursement for the pay site (Squarespace) which was a website created for the event where donations can be made and for personnel to register for the conference. There was also alcohol charged, hotels charged outside the conference dates. None of the items claimed for reimbursement had itemized receipts, only hand written receipts. Date of conference: March 24-26, 2023. Date of reimbursement: March 28, 2023 • There is an unknown loss of funds collected through the third party pay site. They don’t have records from the pay site. Jesus talked to the CWU police on 7/27 and they may be able to have Mitchell log in (Mitchell is still employed). As of 8/1 have not heard back.

		<ul style="list-style-type: none"> • \$25,000 in donations were deposited to CWU. When payment came in they were receipted and tracked as well as expenses for the program. \$22,402 in expenses were mostly for charges for dining and facility rental. Sheri Kinnan (CWU Academic Finance Manager) reached out to Mitchell because there was only \$20K deposited at this time and there was not enough donations to cover the expenses. Doug replied to Sheri they had money on the pay site but Mitchell Russel replied to Sheri that they didn't have money in the account because it was withdrawn by LifeFlight (co sponsor). Recently \$5,000 just came in to bring the donations to \$25K so they were no longer negative. <ul style="list-style-type: none"> ○ Jesus still needs to check the date of the donation receipts. He thinks checks were paid to the program department and the secretary would deliver to the cashier's office. ○ Donations were mostly used for CWU facilities. Doug reserved the facility for the conference under the assumption he was coving the costs. Doug used the speedkeys to charge to CWU budget. • It was made clear to Dr. Presta that a CWU account to collect donor checks was not in place since CWU was not hosting the conference. Yet, Dr. Presta continued to push for staff to make an account available. • It was made clear that a third party paysite (SquareSpace) for the conference was not approved. Yet, the paysite cost of \$353 was claimed for reimbursement without a receipt. • Despite CWU financing the paysite, thus making it CWU property, the funds received through the paysite appear to have been withdrawn by Co-Sponsor LifeFlight and amounts are unknown. • When inquired about excess expenses, the funds collected through the paysite were discussed and Dr. Presta and Mitchell Russell were unclear about ownership and whereabouts of the funds. • It was made clear that CWU would not host the conference. Yet, Dr. Presta involved CWU financially. <p>See LinkedIn Post about conference: (3) Post LinkedIn</p>
2	How loss was detected and reported	CWU internal auditor detected and reported. Jesus (CWU internal auditor) did an audit of the paramedicine program as requested by the Dean of the College of CEPS. They reached out to internal audit to do a program review of the overall program performance/viability audit. This issue came up from that review. In one of the meetings it was brought up that this conference was held by Doug and he was not given permission to hold but Doug did anyways.
3	Type of loss (e.g. cash receipts, disbursements, payroll)	Cash receipting and disbursements
4	Reported amount of loss	\$4,193
Information from EIS and Audit Manager		
5	Entity liaison (name and title) and phone number	Patrick Stanton, Controller. 509-963-2319
6	Related audit exceptions in EIS? If yes, what was level of reporting (exit item, mgmt letter, or finding)?	No
7	If applicable, summarize your review of TeamMate audit work related to area of reported loss.	N/A

8	Summarize any audit manager's concerns about client and reported loss.	No concerns
9	Normal audit scope and cycle for client?	1 year FNCL 2 year GENL
10	Accountability audit budget?	400
11	Is the audit team currently conducting an audit? If yes, what is the status and scope (financial, single or accountability)? If not, when is the audit scheduled to start?	No, financial audit will be conducted in early spring 2024 and they are up for their GENL audit which will likely be conducted in late spring 2024
12	Any other relevant information?	n/a
Information from Client		
13	Is there a subject of the investigation? If so, does the subject have access to other accounting/financial systems or bank accounts? If yes, list those systems and accounts.	<p>Dr. Douglas Presta, Associate Professor for the College of CEPS (College of Education and Professional Studies)</p> <p>Mitchell Russel, Lecture (had a close working relationship with Dr. Presta and could be a subject as well).</p> <p>They are both lecturers. The only thing they could do was use the budget speed keys when charging dining and facility rentals. They would tell the department the budget speed key to use. They did not have access to accounting systems, bank accounts or credit cards.</p>
14	Has the client properly secured records or evidence related to the loss?	Yes for the records they have access to at CWU. They do not have access to the third-party site records. Since the original inquiry with Jesus, the CWU police chief was able to get an activity report from the third-party pay site (Square Space) but has not shared it with Jesus as the investigation is on going.
15	Briefly assess the internal controls over the key system(s) related to this loss. What is the potential for additional undetected losses?	<p>Doug creates travel reimbursements and submits to program secretary, the Dean approved and then it goes to travel desk. No matter who signs off on it, the travel desk has the final say and should have sent the reimbursement back. There was someone new working at the travel desk at the time that could have caused the oversight.</p> <p>The Dean approved the reimbursement, Jesus questioned the Dean why he approved it, the Dean relies on staff for a level of review and this one slipped through the cracks. The Dean directed Jesus to talk to the personnel in the program.</p> <p>Jesus also talked to the travel department (dept. manager Lisa Saucier) who agrees that there are no receipts for the \$4,193 reimbursement and should not have been reimbursed. The reimbursement included 18 out of 18 purchases) were not supported. 30 additional compliance issues such as alcohol purchases, hotel outside conference dates, inventory controls. Jesus had the travel desk run a report for Doug's reimbursement requests dating back to 2020. Jesus did expanded testing and found more issues; he drafted a report but it's not final. He concluded controls were inadequate including reimbursements requested submitted for an unapproved event, it was made clear CWU would not hold this conference put Doug involved CWU by using budget speed keys to reserve dining and facilities and directed donor payments to CWU. Jesus expanded testing included 33 travel expenses totaling \$13,363 and he found similar and new issues such as questionable mileage reimbursement, amounts not agreeing, missing exchange rate docs., Jesus said he would share the report when its final.</p>

		All donations are accepted and receipted. There isn't a process in place for the University to not accept a donation.
16	Potential for additional loss or other areas of risk for loss - "What Else"? If yes, summarize.	<p><u>Inventory:</u> There are some inventory control concerns, Doug purchased hand bags (for attendees) but there are no inventory records to track.</p> <p><u>Accounts Payable:</u> No lodging agreements for guest speakers that he (Doug) allegedly paid for himself and claimed for reimbursement, but the University later received a direct billing from the hotel. Total amount (Hotel Windrow-Ellensburg) 3/24/23 \$321.28. This is the amount he claimed for reimbursement for the guest speaker (Dr Peter Antevy) by Doug and the University got a direct billing for this same date, amount and guest. When the University (Lisa Saucier) asked Doug he said the direct charge was for guest Deputy Chief EMS-Shaughn Maxwell stayed two nights. Doug said Dr Peter Kevy only stayed 1 night and this is what he claimed for reimbursement. Doug did provide the last 4 of his card # to Lisa. Lisa called the hotel and the hotel did not have the billing under Shaughn Maxwell, it was for Dr. Antevy and the hotel asked for Dr Antevy contact info. Doug questioned Lisa and would not give her the info. The hotel wanted to charge the second night to Dr. Antevy but Doug got defensive and would not give the information. Lisa replied to Doug that he was reimbursed for the hotel and does not have a receipt therefore she needs to know the information. Doug went around the normal process and should of booked through the travel desk but instead book himself (as he claims it was not a CWU event).</p> <p>Jesus doesn't know the latest update or if the University had paid for this yet.</p> <p><u>Mileage reimbursement:</u> The Dean reached out to Jesus in April where this same employee was trying to request an unusual reimbursement. He was hired to work in Ellensburg (as main location) as well as Spokane. This employee lives in Spokane and chose to not move to Ellensburg and stay in Spokane therefore, the University was not going to reimbursement him for travel from Spokane to Ellensburg as Ellensburg was his main work location. Doug was trying to claim reimbursement of about 6K miles. This was not approved. Jesus expanded testing for his other mileage reimbursement and is in the middle of auditing the mileage reimbursement for this employee. Jesus is finding similar and reoccurring issues (lack of receipts/supporting docs) as well as new issues getting into questionable mileage reimbursements. Amounts in reimbursement requests don't match supporting documents. He had some mileage reimbursements from Spokane to Lynnwood but his duty station was Ellensburg.</p>
17	When was the individual hired by the client (month and year)?	<p>Doug: He was an assistant professor, he was hired 9/16/2018.</p> <p>Mitchell: He is just a lecturer, he has been with CWU since 4/7/2021.</p>
18	Has the individual been in different job positions with the client and has there been any employment history issues? If yes, list the position, time-period and issues.	Not aware
19	What is the current employment status of the individual (e.g. administrative leave on XX date)?	Doug: He resigned end of July 2023 . He suddenly resigned when the University inquired about a conflict of interest disclosure. The dean made him complete a conflict of interest disclosure and Doug returned it with nothing on it .The Dean questioned his

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		<p>disclosures; and scheduled a meeting with Doug to talk about it. Doug never showed up to the meeting and he resigned.</p> <p>The University thought it was not likely to have no conflicts of interest as he was the assistant professor and they assumed he would have conflicts or relationships with other businesses that the University does business with.</p> <p>Before this Lisa was already inquiring about the hotel charges with Doug, and questioning Doug about itemized receipts for the \$4,193 reimbursement.</p> <p>Mitchell: Still employed at the University</p>
20	Has the client conducted an investigation? If yes, summarize results.	Yes, it is in process. Current information is noted above in #1, #15 and #16
21	Has a police report been filed? If yes, is law enforcement investigating?	<p>Yes, law enforcement investigation is ongoing and hasn't given Jesus the police report yet.</p> <p>Jesus informed us that CWU police talked to Doug and Mitchell. The one with the credentials to the third party pay site (Square Space) website was Mitchell. The police chief talked to Mitchell and he attempted to delete the website. Mitchell is still an employee of the University. The Chief of Police since was able to generate an activity report from the third party website to find out how much funds were collected and who withdrew them. Jesus doesn't have this information from the police chief yet. Jesus doesn't know if the police got it from Mitchell or from the website vendor itself. This information came about 8/25/2023.</p>
22	Is any other outside party (FBI, OIG, LEAs or other investigator) conducting an investigation?	No
23	Has the client established a time table of events that occurred up to the reported loss? (If not, recommend they document the key events.)	In process as the investigation is ongoing and new information is still coming up.
24	Is there fixed responsibility?	Yes
25	Who within the client has been notified of the loss (commissioners, board, elected officials, etc.)?	<p>The Dean of CEPS Sathy Rajendran (College of Education and Professional Studies) and Faculty Relations (Sharleen)</p> <p>The Board has not been notified.</p>
26	Has the County Prosecutor been notified?	No
27	Has any legal counsel been obtained by the individual?	Not that we are aware.
28	Has the client entered into any restitution agreements?	No
29	Any other relevant information?	No