

Washington State Auditor's Office Fraud External Investigation Review Checklist


Fraud Case Number	F-23-031
Client	Department of Corrections
Fraud Specialist	Carol Gross
Date Completed Investigation Review	3/30/23


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?	On 02/01/23, DOC Audit Director, Michelle Walker, submitted the loss notification to our Office.
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.	Donicio Marichalar, Correctional Mental Health Counselor 2 (CMCH2) 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 is still employed and is still being paid, as of 3/30/23. He was reassigned to the mailroom on March 29, 2021 and his current job title is Office Assistant 3 HS WSP. In both his former and current positions, he was governed by the Teamsters union CBA - Teamsters Local Union 117 - DOC ONLY (2021-23) Office of Financial Management (wa.gov)
Investigator information		
4	Who conducted the investigation? Full Name, Title	Michele Wood, Former Associate Superintendent (assigned to the case on February 16, 2022). Jessica Perva, Health Services Investigator 3 (reassigned to the case on June 24, 2022).
5	In your judgment, is the individual investigating able to conduct an objective investigation? If no, describe.	Yes. Neither of the investigators worked directly with the subject.
6	Does the individual have the experience and/or knowledge necessary to conduct the investigation? If no, describe.	Yes. Both investigators have experience conducting investigations and were provided clear expectations regarding the assignment, the allegations and expected timeframe for completion. Investigators were provided standardized DOC investigation workpaper templates to

		utilize such as the “Interview Acknowledgment” form, “Investigation Report” templates and “Interview Summary” templates.
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.
Scope, Methodology, and Evidence		
9	What was the scope (timeframe) and methodology of the investigation? Please describe approach, records reviewed, etc.	<p>There were two main allegations with two timeframes:</p> <ol style="list-style-type: none"> 1. It is alleged that between approximately January 2021 through February 15, 2022, on multiple occasions CMHC2 Donicio Marichalar, was absent from the workplace and failed to provide a leave request upon his return to work. 2. It is alleged that from approximately January 2021 through May 2022, CMHC2 Donicio Marichalar, failed to complete and submit his payroll timecards. <p>To investigate these allegations, investigators:</p> <ul style="list-style-type: none"> • conducted interviews with pertinent staff • reviewed the subject’s timecards, HRMS leave slips, leave balances and reported absences from the subject’s supervisors during the investigation period • reviewed the subject’s PDPs which described his performance issues related to attendance and timecard submission • reviewed standard email communications that are automatically sent to staff to remind them to submit timecards • reviewed the Time Card System Employee User Guide • reviewed a leave audit conducted by Agency Payroll Officer, Jean Hardcastle. See details in question 10 of the leave audit performed by Payroll.
10	Describe analytical procedures performed by the investigator including the time frame used.	<p>APO Jean Hardcastle and HRC Lisa Morrow conducted a leave audit to verify discrepancies between leave in HRMS and what was submitted on the subject’s timecards (or leave that was taken, but not submitted at all if the timecard was not submitted). The audit, for January 1, 2021 through December 31, 2022 see here: [ B.1.6], shows the leave the subject submitted and was paid for, any instances where the paid leave had to be adjusted in HRMS to leave without pay due the fact that the subject did not submit a leave slip, or did not actually have enough leave accrued to claim. This is due to the accrual process. As explained in the interview conducted with Jean Hardcastle on 10/14/22, Jean stated that “Part of the issue with this is if Donicio goes below 80 hours of pay status in a month, then he won’t get his accrual...let’s say the system right now doesn’t know Donicio has leave without pay so, he got his accrual on the 16th and uses it on the 17th. But we found out he used two days of leave without pay prior to the 15th so that’s going to bump his accrual out to the</p>

		<p>18th and now he's leave without pay on the 17th so that bumps his accrual to the 19th. This has a chronological effect of when he gets his accrual."</p> <p>The changes to leave are summarized here: [ B.1.5]. The timeframe for the changes to leave summary is January 5, 2021 through January 9, 2023.</p>
11	<p>Were tests of transactions conducted using the lowest possible original source documents? Describe the records.</p>	<p>Yes. The subject's timecards were reviewed, as well as leave submitted through myportal and recorded in HRMS. They also reviewed call out logs for days the subject called in sick or would be late, as well as COVID screening "mapped out dates" to confirm days the subject was screened and told to go home.</p> <p>The investigators also relied on notes from supervisors stating days the subject was late or did not come to work. During the time period when the subject did not submit timecards, and/or leave in HRMS, the only documentation for the subject's absences was notes from his supervisors.</p>
12	<p>Were interviews conducted of entity personnel? If yes, add date of interview, name of person interviewed, and position title.</p>	<p>Yes. The following people were interviewed:</p> <ul style="list-style-type: none"> • March 3, 2022: Wayne Crowell, Mailroom Sergeant (Sgt.) - Witness • March 3, 2022: Darren Chlipala, Health Service Manager (HSM) - Witness • March 7, 2022: Dr. Eric Rainey-Gibson Psychologist 4 - Witness • March 9, 2022, April 14, 2022 and September 16, 2022: Donicio Marichalar Correctional Mental Health Counselor 2 (CMCH2) - Subject • October 14, 2022: Jean Hardcastle Agency Payroll Officer (APO) – Subject matter expert
13	<p>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>	<p>Yes. On March 9, 2022, April 14, 2022 and September 16, 2022, the subject, Donicio Marichalar Correctional Mental Health Counselor 2 (CMCH2), was interviewed.</p> <p>The subject responded to the key interview questions with acknowledgement that it is his responsibility to submit leave slips and surprise that he had not submitted leave slips. He also claimed for periods of time when he was "screened out" (due to COVID precautions, he was screened and then not allowed to enter the building at the time) he was not aware he had to submit leave slips. The subject was also reassigned to the mailroom on March 29, 2021, and during this transition he stated he did not think he had to submit timecards, despite documentation that he had been instructed to continue doing so. The subject stated he was completing leave slips but could not provide an explanation for why they were not showing in the system. He acknowledged that he had not been turning in timecards since he was reassigned to the mailroom, and stated that he had not received any notices from the timecard system for timecards not submitted. Review of the timecard system shows that automatic emails are sent to the employee and their supervisor starting 4 business days after the end of a pay period to submit their timecards, and at continuous</p>

		<p>intervals afterwards until the timecard is submitted. The subject stated in his interview that recently he found several unopened timecard reminder emails in his deleted folder and could not recall seeing these reminders in his inbox.</p> <p>The subject did not take responsibility for the discrepancies in leave submissions, but could not provide an explanation for the discrepancies. For allegation #1, the investigation report states on page 5: “between October 2021 and February 15, 2022, the subject was absent 30, eight hour shifts for a total of 240 hours. The dates for those shifts are as follows; 11/5/21, 11/15/21, 11/17/21, 11/24/21, 11/30/21, 12/02/21, 12/03/21, 12/09/21, 12/14/21, 12/20/21, 12/23/21, 1/3/22, 1/5/22, 1/6/22, 1/7/22, 1/10/22, 1/12/22, 1/19/22, 1/21/22, 1/24/22, 1/25/22, 1/26/22, 1/27/22, 1/28/22, 2/1/22, 2/2/22, 2/3/22, 2/4/22, and 2/7/22. He was also late for work on 1/31/22 and 2/11/22 for a total of 8.3 hours... The dollar amount of missed days is \$8,987.52. No leave slips were submitted for the time missed as outlined above.”</p> <p>The subject did take responsibility for not submitting timecards. In response to allegation #2, the investigation report states the subject “could not provide justification for failing to submit timecards for the following pay periods: 3/16/2021- No timecard submission 4/1/2021 – No timecard submission 4/16/2021 – No timecard submission 5/1/2021 – No timecard submission 5/16/2021 – No timecard submission 6/1/2021 – No timecard submission 6/16/2021 – No timecard submission 7/1/2021 – No timecard submission 7/16/2021 – No timecard submission 8/1/2021 – No timecard submission 8/16/2021 – No timecard submission 9/1/2021 – No timecard submission 9/16/2021 – No timecard submission 10/1/2021 – No timecard submission 10/16/2021 – No timecard submission 11/1/2021 – No timecard submission 11/16/2021 – No timecard submission 12/1/2021 – No timecard submission 12/16/2021 – No timecard submission 1/1/2022 – No timecard submission 1/16/2022 – No timecard submission 2/1/2022 – No timecard submission 2/16/2022 – No timecard submission 3/1/2022 – No timecard submission 4/16/2022 – No timecard submission 5/1/2022 – No timecard submission”</p>
14	Did the individual investigating address the “what else” question?	<p>The investigation focused on the subject and did not address the fact that there was a failure on the part of the supervisor’s to ensure the subject was submitting leave and turning in his timecards. The supervisors were also receiving automated reminders for timecard submission. Supervisors were also responsible for reviewing and approving leave submissions. A number of timecards were approved by the</p>

		<p>subject's supervisor where leave was indicated on the timecard, but no leave was submitted in HRMS.</p> <p>The subject's PDPs show performance issues that extend beyond the attendance and time reporting issues, however, based on the subject's limited access to agency systems, the potential for additional misappropriation outside of his own payroll is low.</p> <p>The investigation concludes with a statement from Jean Hardcastle, Agency Payroll Officer, that a meeting should be held with the Appointing Authority to discuss the overpayment and calculate the exact amount owed.</p> <p>Due to the fact that the subject is still employed at DOC, and still being paid and submitting leave, [🟢🟡B.1.11], there may be additional misappropriated amounts. Per Jean Hardcastle, APO, she is aware of at least one additional overpayment since the end of the investigation period.</p>
15	Does the investigation conclude with responsibility assigned? If so, add Full name, Position Title. Describe support/records used to assign responsibility.	<p>Yes. Donicio Marichalar Correctional Mental Health Counselor 2 (CMCH2).</p> <p>Support records are the subject's own leave slips and timecards.</p>
16	When did the individual investigating complete the investigation?	January 24, 2023 was the original completion date, but we received an updated investigation report with a completion date of March 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.)	<p>See details in question 13.</p> <p>The results are supported by work performed, however, our reperformance has found some instances where the narrative in the investigation report does not fully match the supporting records/investigation work performed. This is an issue with the final report, not the actual investigation work.</p> <p>Also, it was sometimes difficult to determine whether the Counselor was working or not because supervisors for the Counselor did not have a racking mechanism for recording when the Counselor was not working or for guaranteeing leave slips or timesheets were appropriately finished and submitted.</p>
18	Have any restitution agreements been signed? If so, describe.	No. Michelle stated they are intending to seek repayment and disciplinary action, but are waiting until the conclusions of SAO's work before proceeding.
19	Who has received the results of the investigation?	<p>Facilities staff, DOC Superintendent, WSP HR Manager, Health services Manager (Ronna Cole), Michelle Walker, Audit Director. Michelle has notified the Assistant Secretary and Secretary.</p> <p>Michelle stated that the case was also reported to the Walla Walla police department and they are referring the case to their prosecutor, who will refer it to the state AG. Michelle is intending to also submit it to the WA state ethics board.</p>
Conclusions		
20	Describe what and the amount of the	Using the leave audit prepared by DOC Payroll [

	<p>investigation conclusions you tied out to underlying support. Add links to records we created to document our review.</p>	<p>  B.1.6], we tied days worked, days absent and leave submissions to the subject's time cards, HRMS reports and reported absences from the subject's supervisor. We recalculated changes to the subject's leave balances when the audit necessitated paid leave be changed to LWOP due to the subject's failure to submit leave in HRMS and/or when this resulted in necessary modifications to the subject's accrued leave balances.</p> <ul style="list-style-type: none"> • On TAB #1, we left comments in cells when appropriate to show what supporting records we reviewed. • On TAB #1 we also recalculated the amount the subject was overpaid and the sum of unexcused absences from work (previously paid leave that should now be LWOP). • On the "Summary" tab, we summarized conclusions based on the two allegations. <p>For allegation #1 – we found the narrative in the report to be misleading, and the investigator quoted a misappropriation amount for a time period that did not match the stated investigation period. We also found the subject was absent for 39 days (either full or partial shifts) whereas the investigation report only listed 31 days. This is largely due to the difference in investigation periods between the leave log and source documents and the summary narrative in the report.</p> <p>We determined for the period of January 1, 2021 through December 31, 2022, the subject was paid for leave that he was not entitled to for 303.2 hours resulting in an overpayment of \$8,801.26.</p> <p>For allegation #2, we agree with the investigation's conclusion that the subject did not submit timecards during the pay periods stated in question 13.</p>
21	<p>Do you agree with the methodology used to assign fixed responsibility?</p>	<p>Yes.</p> <ul style="list-style-type: none"> • Duty to submit leave: The subject was required to submit leave slips and acknowledged in his interview (attachment #6) he understood this was his responsibility. See also requirement from his Teamster CBA here: [  B.1.12]. • Duty to submit leave during COVID/Screenings: Based on review of COVID protocols, DOC always required employees to submit leave in HRMS when screened out due to COVID precautions. • Duty to report absences: It was made clear to the subject that he was to report absences and request authorization for leave usage from his supervisors prior to reassignment to the mailroom (attachment # #15) and after (attachment #3). • Duty to submit time cards: There is no evidence the subject was told he no longer had to submit time cards after reassignment, though this was his belief. We reviewed one email from his supervisor on 6/3/21 (attachment #4) telling the subject he has not received any time card submissions for the last

		month and a half and he “believes you still need to do this unless you have been told otherwise, not sure.” However, the timecard system sends out automated emails beginning 4 days after the pay period to the employee and their supervisor to remind them to submit a time card. These emails were sent to the subject (attachment #23 and #24).
22	Do you have any concerns about the work or evidence obtained? If yes, describe.	<p>I have no concerns with the work or evidence obtained. However, some of the verbiage in the completed investigation report should be modified to more accurately match what is documented in the work (investigation period, dollar amount, and days missed). The total dollar amount of misappropriation is also incorrect, including one 8 hour shift in error.</p> <p>It should also be recognized that the internal controls at the Department were not adequate to ensure employees are submitting timecards and there was insufficient supervisory tracking of leave.</p>
23	Do you agree with the conclusions? If no, describe.	<p>Yes, except for one 8 hour day 4/22/22, that was included in the overpayment amount.</p> <p>We determined that from January 1, 2021 through December 31, 2022, the subject failed to submit leave slips and time cards as required. This resulted in the subject being paid for 303.2 hours he was not entitled to, amounting to a payroll overpayment of \$8,801.26.</p>
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.	We expect DOC to modify their investigation report to include the full investigation timeframe, the adjusted dollar amount and hours of unentitled paid leave in response to allegation #1.