

## Department of Corrections

### ***General***

***Code:*** S1Corrections64109-FD22  
***Name:*** Department of Corrections  
***Group:*** Financial Audit  
***Type:*** S1-Agency, Commission, or Board  
***Location:*** State  
***Scope:*** Not Applicable

### ***Team***

***Lead:*** Carol Gross  
***Manager:*** Scott Bills

## Procedures

### A.1.PRG - TeamMate Administration

***Procedure Step:*** Audit Set Up  
***Prepared By:*** CJG, 3/15/2023  
***Reviewed By:*** SLB, 7/5/2023

Purpose/Conclusion:
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# Department of Corrections

## **Purpose / Conclusion:**

Set up TeamMate audit file in accordance with TeamMate Protocol.

## Testing Strategy:

All of the following steps are required in order to properly set up the TM file except for the optional step to set up global tickmarks. If the budget is less than 100 hours, auditors may skip steps 4-6 (filling out the profile and sending to TC) until the end of the audit.

1. **Add the audit team to the project** - To do this, go to the Planning tab and select Team. Then select the team from the TeamStore by clicking the "get" button. [For confidential audits only \(IT, Medicaid, etc.\): Disable guest access.](#)
2. **Set Project Manager and Lead** - Select the Lead and Manager from the drop down menus in the Team Tab of the Profile. The "Lead" should be the Auditor-In-Charge of the audit, and the "Manager" should be the Assistant Audit Manager supervising the audit.
3. **Fill out initial information in the Profile** - The Project Profile captures general information about the audit for the TeamCentral database. Access the Profile from the Planning tab and populate as many of the required fields in the Profile as possible at this stage of the audit. A description for each required field can be found in the TeamMate Protocol document.
4. **Centralized Projects** - Go to <http://saoapp/TMDV/ViewProjectErrors.aspx> and enter the project code then "Validate" to check your project for errors.
5. **Resolve any TMDV errors** - The TeamMate Data Validation (TMDV) application performs a series of edit checks on data in your project to ensure accuracy and conformity to protocol. If TMDV identifies errors for your project, resolve the errors and send to central again (if distributed) until TMDV displays that there are no records to display.

Exceptions could indicate either errors in the TeamMate profile or issue data or errors in other SAO databases. If you have confirmed that information in TeamMate is correct, contact the TeamMate Administrative Group to initiate corrections to our other databases.

6. **Set up your favorite global tickmarks (optional)** - Global tickmarks are available throughout the audit file and do not change from workpaper to workpaper. You can access the global tickmarks screen from the Planning tab.

7. **Initialize Audit** – Attempt to sign off on this step, which will trigger a dialog box asking if you would like to initialize the audit. After initialization of the audit, you may continue to add users or global tickmarks, but cannot delete any.

## Guidance/Criteria:

## **ADDITIONAL BACKGROUND**

Auditors should consider the following background information and resources when performing work on this area.

[TeamMate Protocol Document](#)

## Department of Corrections

### Record of Work Done.:

1. Added the audit team to the project (all audits). As applicable, disabled guest access (confidential audits only).
2. Set the Project Manager and Lead
3. Filled out the audit profile
4. Checked Data Validation System for errors
5. Resolved all TMDV Errors
6. Set up my favorite global tickmarks, if needed
7. Initialized the audit file

### A.1.PRG - TeamMate Administration

**Procedure Step:** Project Review & Finalize

**Prepared By:** CJG, 7/5/2023

**Reviewed By:** SLB, 7/5/2023

### Purpose/Conclusion.:

#### **Purpose/Conclusion:**

To ensure that audit documentation complies with TeamMate Protocol, the audit file is ready for finalization and archiving, and that any files outside of TeamMate are completed and reviewed.

### Testing Strategy.:

#### Replicas

## Department of Corrections

Ensure that all replicas are merged into the master file and discard any replicas that will never be merged.

### Review of workpapers

Review workpapers to ensure they are completed and properly signed off. You can use the Procedure Status Viewer (for all procedure steps) or the Schedule Status Viewer (for procedure summaries and attachments) to see the status of steps and attachments in the audit file. *The Viewers can be accessed from the buttons on the Navigation Bar at the bottom of the screen.*

### Coaching Notes

Verify that all coaching notes have been addressed and cleared. You can use the Coaching Notes Viewer to see the status of all Coaching Notes in the audit file. *The Coaching Note Viewer can be accessed by using the button on the Navigation Bar at the bottom of the screen.*

During the finalization process, coaching notes will be deleted. If you want to keep these notes you will need to create a report using the Reports wizard and save it outside of the TeamMate file.

### Hardcopy Files and External Data

Ensure that hardcopy files referenced by the audit are completed and reviewed. Also ensure that any unnecessary documentation or files, including databases with any confidential or sensitive information, are appropriately disposed. If files or databases are needed for future periods, ensure these are appropriately secured. *See the SAO Administrative Policy on Data Security and Access.*

### Project Profile

Review and update the Profile information. See the TeamMate Protocol document for definitions and instructions for each required field. *The Protocol document can be accessed from your Start Menu / All Programs / State Auditor's Office or on the Intranet on the TeamMate page.*

### Confidential Audits Only

Disable guest user and any other users granted temporary file access.

### Issue Review

Ensure issue content is exactly what was presented to the client per the Exit Document, Management Letter, or Finding. There should only be one issue for each finding, management letter item and exit comment. Additional information or notes about the issue can be documented in the "notes" tab. Any other documented issues (that were communicated verbally, at pre-exits or were later combined or dropped) should be either deleted or marked as "verbal recommendations."

Check that all required issue fields are completed and correct. See the TeamMate Protocol document for definitions and instructions for each required field. *The Protocol document can be accessed under Audit / TeamMate on the Intranet.*

### Issue Sign-Off

All issues must be reviewed and signed off by a Supervisor and/or Audit Manager, per Protocol. The finalization process will require all issues to

## Department of Corrections

have a state of "reviewed."

### Audit Status in Tracker

Update the Audit Status of prior audit management letters and findings in Tracker. See the [Tracker Quick Reference Guide](#) for details.

Resolve any TMDV errors - The TeamMate Data Validation (TMDV) application performs a series of edit checks on data in your project to ensure accuracy and conformity to protocol.

- Go to the Status and Milestones tab in the profile and change project status to "Post Fieldwork"
- Go to <http://saoapp/TMDV/ViewProjectErrors.aspx> and enter the project code then "Validate" to check your project for errors.
- If TMDV identifies errors for your project, resolve the errors and check web site until TMDV displays that there are no records to display.

Exceptions could indicate either errors in the TeamMate profile or issue data or errors in other SAO databases. If you have confirmed that information in TeamMate is correct, contact the **TeamMate Administrative Group** to initiate corrections to our other databases.

### Change Project Status

Go to the Status and Milestones tab in the profile and change project status to "Post Fieldwork".

Enter the report issuance date in the "Issued (Final Report)" field. **REMINDER: DO \*NOT\* CHANGE THE STATUS OF THE PROJECT TO ISSUED.**

### Complete/Finalize Project

After the audit report has been sent to OS the audit should be finalized by the Audit Manager. To do this, go to Review | Finalize. The finalization process will:

- Halt the process if any issues have not been reviewed;
- Warn the Audit Manager of unreviewed workpapers and/or steps;
- Check for uncleared coaching notes;
- Finalize the project, which prevents any further changes from being made to the file.

*Note: if the project is finalized and the team subsequently needs to add or modify the documentation, contact the TeamMate Administrator for assistance.*

## Department of Corrections

Guidance/Criteria:

### **ADDITIONAL BACKGROUND**

Auditors should consider the following background information and resources when performing work on this area.

### **[TeamMate Protocol Document](#)**

Record of Work Done:

All of the following steps have been completed for this audit file:

- All outstanding replicas are merged.
- All workpapers have been reviewed.
- Coaching notes have been addressed and cleared.
- Hardcopy files have been completed and reviewed.
- Unnecessary files and databases have been appropriately disposed of, and any files or databases needed for future periods have been appropriately secured in accordance with SAO's administrative policy on Data Security and Access.
- The audit profile has been completed.
- As applicable, any guest/temporary user access has been disabled (confidential audits only).
- Issue content has been reviewed and required fields completed.
- All issues have been signed off as reviewed.
- The Audit Status of prior audit management letters and findings has been updated in Tracker.
- All TeamMate Data Validation errors are resolved.

The audit will now be finalized and be marked for archival.

### **B.1.PRG - Investigation Procedures**

*Procedure Step:* Summary of Conclusions

*Prepared By:* CJG, 6/13/2023

## Department of Corrections

*Reviewed By:*

SRS, 7/12/2023

Purpose/Conclusion.

**Purpose/Conclusion:**

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

Testing Strategy.

Summarize the results of fieldwork including a schedule of the fraudulent activities and amounts which are cross-referenced to supporting work.

Assess the overall sufficiency and appropriateness of evidence obtained throughout the investigation. In assessing the sufficiency of evidence, consider whether there is enough evidence to persuade a knowledgeable person that the conclusions are reasonable. In assessing the appropriateness of evidence, consider its relevance, validity and reliability.

Guidance/Criteria.

**ADDITIONAL BACKGROUND**

Auditors should consider the following background information and resources when performing work on this area.

**SAO Audit Policy [1410](#) - Fraud Investigations**

Record of Work Done.

A summary of the results of fieldwork:

On February 1, 2023, the DOC Audit Director notified our Office regarding a potential loss of public funds as required by state law.

The entity initiated an investigation and determined a payroll loss had occurred due to the subject's failure to submit leave slips. The subject also did not submit time cards for 26 pay periods, as required.

The investigation identified an overpayment totaling \$8,897.52 between January, 2021 to December, 2022. We found one error during our recalculation, which resulted in a slightly different total. We determined that from January 1, 2021 through December 31, 2022, the subject failed

## Department of Corrections

to submit leave slips as required. This resulted in the subject being paid for 303.2 hours he was not entitled to, amounting to an overpayment of **\$8,801.26**.

The subject also failed to submit timecards for 26 pay periods between 3/16/21 and 5/1/22.

After reviewing the Department's investigation, we agreed that the Counselor was not submitting the monthly timecards or leave slips when taking leave. However, it was sometimes difficult to determine whether the Counselor was working or not because supervisors for the Counselor did not have a tracking mechanism for recording when the Counselor was not working or for guaranteeing leave slips or timesheets were appropriately finished and submitted.

The entity has filed a report with law enforcement, the Walla Walla Police department.

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

### **B.1.PRG - Investigation Procedures**

*Procedure Step:* Verify DSA  
*Prepared By:* CJG, 3/15/2023  
*Reviewed By:* SLB, 3/31/2023

Purpose/Conclusion.:

#### **Purpose / Conclusion:**

To verify that a Data Sharing Agreement is in place before starting the audit.

Testing Strategy.:

Prior to starting the audit, teams are **required** to verify that a Data Sharing Agreement is in place by performing the following procedures:

- Go to the DSA Library: <https://stateofwa.sharepoint.com/sites/SAO-DataSharingAgreements/DSA/Forms/AllItems.aspx>
- Check the folder corresponding to the entity's MCAG. *This can be done by searching for the MCAG in the upper left search box or by finding it in the responsible team's folder.*

## Department of Corrections

- If a DSA is not yet in place, then work with your manager to get an agreement in place prior to starting audit work. *If the entity has a No-DSA Waiver in DSA Library, the audit may continue but no confidential data (category 3 or 4) can be requested or received. If this restriction becomes a barrier for the audit, the team should consult with their Assistant Director and TAS.*
- If the DSA Scope is other than "General" or DSA Type is something other than "Standard DSA" then auditors should be familiar with the contents.

Guidance/Criteria.:

Record of Work Done.:

We checked the DSA Library and confirmed that a Data Sharing Agreement was in place prior to starting audit work.

### B.1.PRG - Investigation Procedures

**Procedure Step:** Reported Loss and Investigation Plan

**Prepared By:** CJG, 3/30/2023

**Reviewed By:** SRS, 5/9/2023

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.

Testing Strategy.:

#### **Investigators are **required** to complete steps 1-3:**

1. Make initial contact with the client (within 5 business days of initial loss report date) and discuss loss with audit manager.
2. Complete a Preliminary Assessment Worksheet (PAW). Complete Team level review and submit to Team SI for review within 10 business days of initial loss report date. Please use the PAW review library to upload and document reviews completed and notification for Team Fraud's review. Link to PAW review library: <http://saosp/TeamSites/Fraud/PAWs/Forms/AllItems.aspx>

## Department of Corrections

3. Based on Team SI's review of the completed PAW next investigation steps will be determined.

- For risks determined to be included in the current audit, **GENL time should be used to start**. Please reserve at least 5 hours GENL for the Team SI to bill for review. *Reminder: When planning investigation work remember to consider the following elements:*
  - *Approach and testing strategies*
  - *Initial scope of the investigation (time frame and areas examined)*
  - *Procedures to determine if scope should be expanded ("what else" question)*
  - *Procedures to understand internal controls, if necessary*
  - *Whether interviews need to be conducted and, if so, the timing, nature of the questions, and who will lead the interviews.*
  - *Estimated time-frame/fieldwork completion date, budget, and staffing resources.*
  - *In some instances an MOU may be something that is wanted to ensure clear communication. If this is the case, please work with the Special Investigations team to get the MOU approved. There are example MOU's on the sharepoint site.*

4. Request the set up of an audit number and budget in TABS. **Budget requests are expected to be approved by Team SI.**

(Option A) For external investigation review work, please send an email budget request to the Team SI for approval. Example budget request emails can be found on the sharepoint site: <http://saosp/TeamSites/Fraud/FraudExamples/BudgetRequestExample.msg>

- (Option B) For draft investigation plan, the budget will be documented in the approved plan. After the Team SI has approved the plan, they will send an email notifying you of the total budget approval. Prepare a BUCO and attach the email approving the budget to establish FRAD hours in EIS.
- **Required:** The budget will be documented in the approved plan. After Team SI has approved the plan, they will send an email notifying you of the total budget approval. Prepare a BUCO and attach the email approving the budget to establish FRAD hours in EIS.
- **Required:** Obtain and document advance approval from the Team SI for any significant modifications throughout the investigation or need for a budget increase. Document these modifications in the fraud fieldwork plan document.

Guidance/Criteria.:

### **ADDITIONAL BACKGROUND**

Auditors should consider the following background information and resources when performing work on this area.

*Reminder: When planning investigation work remember to consider the following elements:*

- *Approach and testing strategies*

## Department of Corrections

- *Initial scope of the investigation (time frame and areas examined)*
- *Procedures to determine if scope should be expanded ("what else" question)*
- *Procedures to understand internal controls, if necessary*
- *Whether interviews need to be conducted and, if so, the timing, nature of the questions, and who will lead the interviews.*
- *Estimated time-frame/fieldwork completion date, budget, and staffing resources.*
- *In some instances an MOU may be something that is wanted to ensure clear communication. If this is the case, please work with the Special Investigations team to get the MOU approved. There are example MOU's on the sharepoint site.*

### SAO Audit Policy [1410](#) - Fraud Investigations

Record of Work Done.:

#### **Reported Loss:**

1. Initial contact was made with the client on March 15, 2023. The loss was submitted to our office on 2/1/23.
2. A Preliminary Assessment Worksheet (PAW) was **not** completed. Based on the fact that DOC had completed an internal investigation and attached the completed report to the loss submission, Special Investigations Manager Stephanie Sullivan determined to bypass the PAW step and move right to performing an external investigation review [[FW Fraud Report F-23-031](#)].

#### **Investigation procedures:**

Based on the information contained in the submitted loss report, the following investigation procedures were determined:

Review the completed external investigation completed by DOC - Assigned Investigators were Michele Wood, Former Associate Superintendent and Jessica Perva, Health Services Investigator 3.

1. Establish external review budget. We gave consideration to the estimated time-frame/fieldwork completion date, budget, and staffing resources. We also considered if there were any other audits currently going on and if additional risks should be considered. An overall budget of 21 hours was approved on 2/22/23.
2. Inform entity of estimated investigation costs. An overall budget of 21 hours was approved. We spoke with Michelle Walker, Audit Director, on 3/15/23.

## Department of Corrections

### B.1.PRG - Investigation Procedures

*Procedure Step:* Communications and Interviews  
*Prepared By:* CJG, 3/30/2023  
*Reviewed By:* SRS, 5/9/2023

Purpose/Conclusion.:

**Purpose/Conclusion:**

To document interviews conducted during our investigation.

Testing Strategy.:

Consult with the Special Investigations Program Manager on whether interviews need to be conducted and, if so, the timing, nature of the questions, and who will lead the interviews.

Document interviews conducted. If the entity conducted interviews, get a copy of the notes or records.

Guidance/Criteria.:

**ADDITIONAL BACKGROUND**

Auditors should consider the following background information and resources when performing work on this area.

**SAO Audit Policy [1410](#) - Fraud Investigations**

Record of Work Done.:

**Procedures:**

During the course of our investigation, we documented various communication with the entity and other parties, as applicable in this linked communications log: [[Communication Log \\_ Status Updates](#)].

## Department of Corrections

During the external investigation, interviews were conducted by Michelle Wood, Former Associate Superintendent and Jessica Perva, Health Services Investigator 3 with (see report for attachments: [Final report and attachments\\_Original Submission](#)):

Health Services Manager 3 (HSM3) Darren Chlipala was interviewed as a Witness on March 3, 2022. (Attachment 7)

HSM3 Chlipala was interviewed as he had compiled a list of days that CMHC2 Marichalar called in sick or late. HSM3 Chlipala explained that the logs he submitted were from the Outpatient Clinic which is where Health Services staff are required to call into if they are going to be late or out sick. When asked how supervisors know their staff have completed leave slips, he stated that supervisors are responsible for their direct reports, but it is the responsibility of the employee to make sure they complete their leave slips. The Washington State Penitentiary (WSP) does not have a tracking mechanism for ensuring leave slips are completed. He went on to say that there is also nothing in place to track the hours a person misses when they call in late. CMHC2 Marichalar does not work in the same building as his supervisors, so it is unknown the number of hours he misses or if he comes to work. (Attachments 7 & 11).

Wayne Crowell, Mailroom Sgt, was interviewed as a Witness on March 3, 2022. (Attachment 5)

Sgt. Crowell was interviewed as CMHC2 Marichalar's supervisor during his reassignment to the mailroom pending an investigation. When asked how CMHC2 Marichalar notified him when he would not be to work Sgt. Crowell explained, CMHC2 Marichalar did not always notify him that he was going to be absent. The list of dates that CMHC2 Marichalar was gone is based on the days he did not pick up his tools. Sgt. Crowell said he did not know he was supposed to track CMHC2 Marichalar absences, because CMHC2 Marichalar was already working in the Mailroom when Sgt. Crowell was awarded the bid for the Mailroom job, November 6, 2021. According to Sgt. Crowell, CMHC2 Marichalar called in for a variety of reasons; he had COVID; his family had COVID and sometimes the call-ins were weather related. Sgt. Crowell was unsure as to who CMHC2 Marichalar was supposed to turn his leave slips into. (Attachment 5).

Dr. Eric Rainey-Gibson, Psychologist 4, was interviewed on March 7, 2022. (Attachment 4)

Dr. Rainey-Gibson was interviewed as CMHC2 Marichalar's supervisor prior to CMHC2 Marichalar's reassignment to the Mailroom. Dr. Rainey-Gibson stated he had no idea why CMHC2 Marichalar was absent. CMHC2 Marichalar did not call him directly but called the Outpatient Clinic instead. According to Dr. Rainey-Gibson, CMHC2 Marichalar stopped calling in sometime last October 2021. Dr. Rainey-Gibson admitted that there is no tracking mechanism to track how much time someone misses when they call in sick or to verify if they come in later in the day. CMHC2 Marichalar was supposed to email Dr. Rainey-Gibson each day when he came into work and when he left but he didn't.

According to Dr. Rainey-Gibson he did not know when CMHC2 Marichalar was at work and when he wasn't. He stated he had no contact with CMHC2 Marichalar after March of last year, after CMHC2 Marichalar was assigned to the Mailroom.

When asked if he had anything else to add, Dr. Rainey-Gibson said this is not new behavior for CMHC2 Marichalar. During a review of staff leave usage conducted in 2020 he noticed that there were times CMHC2 Marichalar called in but did not complete leave slips. Dr. Rainey Gibson worked with HR and Payroll to get CMHC2 Marichalar caught up on his leave slips. In mid-2020 Dr. Rainey-Gibson issued a Letter of Concern to CMHC2 Marichalar regarding his attendance issues.

## Department of Corrections

CMHC2 Donicio Marichalar was interviewed as the Subject on March 9, 2022. (Attachment 6)

CMHC2 Marichalar stated he missed a lot of time due to COVID and was not aware of the amount of time lost. He acknowledged it is his responsibility to complete leave slips and found it surprising that he did not turn in slips. CMHC2 Marichalar said he did not believe he had to complete timecards once he was reassigned to the Mailroom.

He also added that he was told to call in to the Mailroom Sgt. if he was not going to be to work and for his leave. (Attachment 6)

CMHC2 Donicio Marichalar was interviewed again on April 14, 2022. (Attachment 18)

CMHC2 Marichalar was interviewed again to clarify some of his original answers and seek clarification of his understanding of the process for submitting leave requests as well as his understanding of the consequences for not submitting leave requests. On two occasions he was waiting to talk to the Mailroom Sgt. on how to fill out leave slips for Covid and how to file for L&I for Covid.

CMHC2 Marichalar states, he knows he has been completing leave slips, that he would be stupid for not turning them in. At the end of the interview, he said he was flabbergasted that he did not complete the leave slips.

CMHC2 Marichalar acknowledged he is responsible for turning in leave slips for time missed. He also acknowledged that failing to turn in leave in leave slips makes it look like he is stealing from the state. He still could not provide an explanation as why he did not turn in leave slips. CMHC2 Marichalar stated he has been completing leave slips but could offer no explanation as to why they were not showing in the system.

CMHC2 Marichalar said, he was told by HSM1 Crystal Abdulwahid to stop calling into the Outpatient Clinic but instead call the Mailroom Sgt.

However, during HSM1 Abdulwahid's interview she, couldn't recall the conversation. HSM1 Abdulwahid said, she would have redirected him to his letter which stated he needed to notify the Mailroom Sgt. (Attachment 17) CMHC2 Marichalar stated he has not been turning in timecards since he was reassigned to the Mailroom. He has not received any notices from the timecard system for timecards not submitted. (Attachment 18)

CMHC2 Donicio Marichalar was interviewed again on September 15, 2022. (Attachment 21)

CMHC2 Marichalar explained that he'd been screened out several times between 2021 and 2022 for none of which he submitted an HRMS leave slip. CMHC2 Marichalar said, "When I returned after having COVID, I was never asked to submit a leave slip or claim those hours. It was my understanding when you get COVID and are screened out the screener and/or contract nurse who would contact me would then relay that information to HR and/or my supervisor and the time I was out would be accounted for." On February 19, 2021, CMHC2 Marichalar noted on his approved timecard 1.5 hours of leave, HRMS shows not leave slip for that date. (Attachment 16 pg.6) I asked CMHC2 Marichalar if he could account for that date and the missing leave slip? CMHC2 Marichalar said, "I don't recall. This was 20 months ago."

When asked why he failed to submit timecards between March 16, 2021 – September 15, 2022, CMHC2 Marichalar said, "I don't know...During my reassignment I wasn't submitting timecards just leave slips." CMHC2 Marichalar was reassigned to the mailroom on March 29, 2021.

(Attachment 3) CMHC2 Marichalar was asked if he received the auto-generated timecard reminders? CMHC2 Marichalar said, "No." CMHC2 Marichalar explained, recently he had been searching for his outlook deleted folder and found several unopened timecard reminders emails. CMHC2 Marichalar couldn't recall seeing these email reminders in his inbox.

Jean Hardcastle Agency Payroll officer was interviewed on October 14, 2022. (Attachment 25)

## Department of Corrections

APO Hardcastle was asked by the Appointing Authority and Human Recourses to determine if a particular set of dates had HRMS leave slips submission. APO Hardcastle audited CMHC2 Marichalar leave and created an excel spreadsheet. (Attachment 26) APO Hardcastle explained that several of the dates provided had been affected by paid leave accrual dates and possible overpayment to CMHC2 Marichalar. APO Hardcastle explained the accrual process "If leave is taken prior to the 16th of the month that's when things can become an issue. Accrual is earned when you have 80 hours in pay status. So, if paid leave turns into leave without pay it could push his accrual out further and further." APO Hardcastle requested a separate meeting with the Appointing Authority to discuss the overpayment and calculate the exact amount owed.

During SAO's review of the external investigation, interviews were conducted by SAO with Jean Hardcastle, APO, Michelle Walker, Audit Manager, Juline Martin, Operations Review Coordinator and Scott Bills, SAO AM.

We asked Jean about the one day (4/22/22) that we could not substantiate as being an absence that should be included in the misappropriation amount. Jean agreed that the 8 hr shift on this day was included in her leave audit in error. She concurred with our recalculated misappropriation amount.

We also discussed the employee's status and discussed the overpayment process. Michelle stated the subject has been coming to work and submitting leave slips, but not consistently. Jean stated she is aware of at least one additional pay period where he inappropriately used leave and was overpaid. Michelle informed us that there have been some improvements to the call out procedure - with notifications now going directly to employee's supervisors. She also said that there are a lot of vacancies at the Walla Walla WSP and they've discovered that some notifications have been going to supervisory positions that are vacant, and so no one is getting the notification.

### **B.1.PRG - Investigation Procedures**

*Procedure Step:* External Review Assessment

*Prepared By:* CJG, 6/13/2023

*Reviewed By:* SRS, 7/12/2023

Purpose/Conclusion:

**Purpose:** To determine if our Office can rely on the work conducted and the conclusions reached by the external investigation.

**Conclusion:**

## Department of Corrections

We determined we could rely on the work conducted. The external investigation identified misappropriation totaling \$8,987.52 and questionable expenditures between January 1, 2021 and December 31, 2022. There was one 8 hour shift that was included in this calculation in error. DOC Payroll agrees with our recalculation and will amend their report. The total overpayment is substantiated as \$8,801.26 which was paid for 303.2 hours of leave the subject was not entitled to.

The subject also failed to submit timecards for 26 pay periods between 3/16/21 and 5/1/22 and we agree in full with this assertion as stated in the investigation report.

### Testing Strategy:

Review the external investigation using the external review checklist and TeamMate as your documentation tools.

The **main goal** is to determine if we can rely on the work performed and agree with their investigation conclusions. Areas to consider if we agree:

- The overall results
- Dollar amount
- Investigation approach/method
- Scope (did they look back far enough)
- Completeness
- How responsibility was assigned
- If/how the what else areas were addressed
- If/how interviews were conducted? (**If yes, get a copy of the interview notes and attach to TM file**)

### Expectations:

- **Required: Team SI must approve any additional work before it is performed.**
- Use SAOShare for receiving external investigations
- Use the tools available, such as TeamMate and External review checklist to document your work
- Exercise good communication - keep your Manager and Team Fraud informed, including when you request and receive an entity's investigation and document dates in the fraud database activity log
- Ensure your documentation is clear, concise, understandable, and relevant
- Ensure work is complete, well thought out, and timely

### Guidance/Criteria:

## Department of Corrections

Record of Work Done.

### Auditor Procedures:

Step 1. We obtained the entities external investigation report. See [\[Final report and attachments Original Submission\]](#) for initially submitted report and here for version submitted with minor updates: [\[Final report 3-15-2023 Updated version\]](#). Attachments were provided in the initial report (B.1.4) as well as some external documents:

- [\[Leave Changes Log - 776382 Original Submission\]](#) - Leave Changes Log. Includes screen shots from HRMS for leave submissions as well as tracked changes made by Payroll to move leave to LWOP when necessary.
- [\[Marichalar Leave Audit 2021 - May 2022 FINAL 3-15-23\]](#) - Leave Audit performed by Payroll to tie out leave reported on time cards, in HRMS, and to track modifications to leave balances due to accrual process. Spreadsheet also includes calculation of LWOP hours, the subject's salary and calculation of overpayment amounts.
- [\[RE covid screen out protocols\]](#) - Covid Protocols - additional attachment not included in original file submission.

Step 2. We reviewed the work performed by DOC - Assigned Investigators were Michele Wood, Former Associate Superintendent and Jessica Perva, Health Services Investigator 3.

We documented our review in our checklist here: [\[Fraud External Investigation Review Checklist\]](#).

We also tied all reported absences to the subject's time card, leave reported in HRMS, reported absences per his supervisor and other documentation provided in the report. See recalculations and comments on TAB #1 here: [\[Marichalar Leave Audit 2021 - May 2022 FINAL 3-15-23\]](#).

We summarized our conclusions on tab "Summary" here: [\[Marichalar Leave Audit 2021 - May 2022 FINAL 3-15-23\]](#).

**External Review Conclusion:** We determined we could rely on the work conducted. The external investigation identified misappropriation totaling \$8,987.52 and questionable expenditures between January 1, 2021 and December 31, 2022. There was one 8 hour shift (amounting to a difference of \$186.26) that was included in this calculation in error. DOC Payroll agrees with our recalculation and will amend their report. **The total overpayment is \$8,801.26 which was paid for 303.2 hours of leave the subject was not entitled to.**

**The subject also failed to submit timecards for 26 pay periods between 3/16/21 and 5/1/22 and we agree in full with this assertion as stated in the investigation report.**

### B.2.PRG - Concluding Procedures

## Department of Corrections

*Procedure Step:* Reporting  
*Prepared By:* CJG, 7/5/2023  
*Reviewed By:* SRS, 7/12/2023

Purpose/Conclusion.

**Purpose/Conclusion:**

To determine and document our reporting of the investigation results.

Testing Strategy.

Investigators are responsible for reviewing any work performed by auditors. Prior to deciding level of reporting, documentation must be reviewed by Team SI.

It is often helpful to **Brainstorm** with Team SI on how to frame the investigation report. Considerations include:

- How to best “tell the story” in the report
- The status of employment of the individual
- Work performed by the entity or external parties
- How the fraud was detected
- Any agreed-upon restitution including the cost of the investigation
- The length of the fraud

**Attach the final reports in TeamMate.**

Guidance/Criteria.

**ADDITIONAL BACKGROUND**

Auditors should consider the following background information and resources when performing work on this area.

**SAO Audit Policy [1410](#) - Fraud Investigations**

## Department of Corrections

Record of Work Done:

### Auditor procedures:

1. We brainstormed with the Special Investigations Program Manager and determined to report our results we would issue a reduced investigation report.
2. Setup an exit planning meeting to:
  - Strategize the exit - Connect with Special Investigations Program Manager *We scheduled an exit conference for June 27 at 9:30 am via TEAMS.*
  - Determine attendees - Work with the client to determine who they want to attend, but it cannot be an open public meeting. *We invited Michelle Walker, Audit Director, Juline Martin, Operations Review Coordinator, and Zainab A Ghazal, Health Services Administrator. From SAO, we invited Special Investigations Program Manager Stephanie Sullivan [F-23-031 Results].*
  - **DO NOT** share the draft report with your client until the exit meeting (exceptions need to be discussed with the Special Investigations Program Manager) *Per guidance from Stephanie Sullivan for state agencies the report was shared in pdf format via SAO share 24 hrs before the exit. Juline Martin confirmed they would not share the report.*
3. After Exit procedures:
  - *Gather the entity response* and add it to the report in track changes in ARL. Notify the Special Investigations Program Manager the response is ready for review. *The agency had 10 business days to provide a response. We received a response [DOC response to SAO investigation (002)], worked with Stephanie Sullivan to request two minor changes, added the modified response to the report, and notified Stephanie Sullivan it was ready for review.*
  - *Set report publish date* - Special Investigations Program Manager will assist in determining a report date, which needs to be at least one week out to provide executive management an opportunity to review. *Stephanie determined a report date of July 10.*
  - *Inform OS of publish date* - Leave a note in ARL for OS, informing them of the publish date. *Commented added to request the report be published July 10.*
  - *Check the "publish" box* – You must do this early – at least a week before the publish date. Checking the box kick-starts OS's process to finalize the report and notify executive management.
4. Create an exception and attach the final approved Reduced investigation report to the TeamMate file. *If reduced or full investigation report, create a finding level exception in TeamMate and then go into ARL to create the draft investigation report. Make sure the language in the report matches the exception language in TM. See final report here: [1032819].*

## Department of Corrections

5. Complete the requested information fields in the fraud database on the Outcome tab attach the recommendation into the supporting documents within the database. *Notify, Team SI that the case is ready to be closed in the database.*

### B.2.PRG - Concluding Procedures

**Procedure Step:** Exit Conference

**Prepared By:** CJG, 6/27/2023

**Reviewed By:** SRS, 7/12/2023

Purpose/Conclusion.

#### **Purpose/Conclusion:**

To communicate the results of our investigation with the client.

Testing Strategy.

Conduct an exit conference with the client to discuss the approved draft report – this may be in person or via video call or phone. Depending on significance, other attendees may include the Special Investigations Program Manager and Audit Manager. Document the following:

- Where the meeting was held or if it was conducted via video call or phone
- When the meeting was conducted
- Who attended the meeting
- Significant discussion points

If a exit recommendation will be issued, a formal exit conference is not required; instead, contact the client to discuss the results of our investigation with them before giving/sending the letter. Just a reminder, it is a best practice to use SAOShare to send the draft reports or deliver in person. Document this communication including who, when, and any significant discussion points.

Guidance/Criteria.

#### **ADDITIONAL BACKGROUND**

Auditors should consider the following background information and resources when performing work on this area.

## Department of Corrections

### SAO Audit Policy [1410](#) - Fraud Investigations

Record of Work Done.:

#### **Exit Conference:**

The following people attended the exit conference on June 27, 2023 via TEAMS:

- Michelle Walker, Audit Director
- Juline Martin, Operations Review Coordinator
- Zainab A Ghazal, Health Services Administrator
- Stephanie Sullivan, Special Investigations Program Manager

We went over the results of the investigation. In addition to the investigation, the following items were also discussed:

- Zainab disclosed that they have since conducted a preliminary disciplinary meeting with the subject. Zainab stated that the subject took responsibility for not submitting leave slips, acknowledged it was his responsibility to submit leave slips, could not explain why leave slips were not submitted and acknowledged that he knew the overpayment amount. DOC is moving towards termination but has a meeting scheduled with their AG to discuss options before moving forward.
- Zainab disclosed that the subject has continued to have difficulties with attendance and other job related performance issues.

#### **B.2.PRG - Concluding Procedures**

***Procedure Step:*** Quality Control Assurance Certification

***Prepared By:*** CJG, 7/5/2023

***Reviewed By:*** SRS, 7/12/2023

Purpose/Conclusion.:

#### **Purpose/Conclusion:**

To certify adherence to the expectations set forth by the Audit Policy Manual.

## Department of Corrections

Testing Strategy.:

This step must be signed-off by the Investigator and Audit Manager.

Guidance/Criteria.:

### **ADDITIONAL BACKGROUND**

Auditors should consider the following background information and resources when performing work on this area.

### **SAO Audit Policy [3430](#) - Quality Assurance Certification**

Record of Work Done.:

I certify the following expectations were met and Audit Policies that are common to all types of SAO engagements:

1. I am independent and exercised objective and impartial judgment on all issues associated with conducting this investigation and reporting on the results. *Audit Policy 3110 - Independence and Ethics*
2. I used reasonable care and professional skepticism throughout this investigation. *Audit Policy 3130 – Professional Judgment*
3. Work was performed by staff who collectively possesses adequate professional competence. *Audit Policy 3140 – Competence and CPE*
4. Assistants on the investigation were informed of their responsibilities and objectives of the procedures they were to perform, and their work was reviewed to ensure it was properly performed and documented. *Audit Policy 3160 – Supervision and Review*
5. Documentation, including any evidence maintained in a paper file, was reviewed and coaching notes were resolved. *Audit Policy 3160 – Supervision and Review*
6. Work was sufficiently documented to enable a knowledgeable person, who has had no previous connection with the investigation, to ascertain that the information collected and the work performed support significant judgments and conclusions. *Audit Policy 3310 – Standards for Documentation*

## Department of Corrections

### Issues

ISS.1 - F: Leave slips and timecards not submitted		
<i>Prepared By:</i>	CJG, 7/5/2023	<i>Issue</i>  <b>Background and Investigation Results</b>  On February 1, 2023, the Department notified our Office regarding a potential loss of public funds, as required by state law (RCW 43.09.185). In February 2022, the Department found that a Corrections Mental Health Counselor working at the Washington State Penitentiary neglected to submit leave slips for numerous days between January 2021 and February 2022.  The Department opened an investigation, which was completed in March 2023. The investigation determined a payroll overpayment totaling \$8,801.26 occurred between January 16, 2021, and November 15, 2022. The Department's investigation found: <ul style="list-style-type: none"><li>• In March 2021, the Department reassigned the Corrections Mental Health Counselor to the mailroom for work pending an investigation into allegations of performance concerns.</li><li>• Between March 2021 to May 2022, the Counselor did not submit monthly timecards to show actual time worked or consistently submit leave slips for work absences, as required, resulting in inaccurate time reporting and leave balances.</li><li>• The Department interviewed a mailroom sergeant who supervised the Counselor between March 2021 and October 2021. The sergeant said he was not aware that he was supposed to keep track of the Counselor's</li></ul>
<i>Reviewed By:</i>	SRS, 7/12/2023	
<i>Type:</i>	Fraud	
<i>Category:</i>	Payroll/Personnel	
<i>Reporting Level(s):</i>	Finding	
<i>Impact</i>		
<i>Cost Savings:</i>		
<i>Questioned Costs:</i>		

## Department of Corrections

	<p>absences, and the Counselor did not always notify him when he was going to be absent.</p> <ul style="list-style-type: none"><li>• The Department interviewed a second mailroom sergeant, who took over supervising the Counselor in November 2021. During the interview, the second mailroom sergeant said the Counselor would call out of work for a variety of reasons, but he was unsure to whom the Counselor was supposed to give his leave slips for approval.</li><li>• The Department used leave accrual records, limited call out logs for days the Counselor called in sick and dates the mailroom sergeants informally noted when the Counselor was not at work to determine the amount of time the Counselor was overpaid. The investigation summarized the Department overpaid a total of 303.2 hours or \$8,801.26 to the Counselor for time not worked when leave slips should have been reported between January 2021 and November 2022.</li><li>• The Department interviewed the Counselor in March, April, and September 2022. He said it was his responsibility to submit leave slips, but he was unable to explain why his leave was not accurately recorded. In addition, he said that he believed he was no longer required to submit timecards once reassigned to the mailroom and that the timecard system did not send him the automatic email reminders to do so.</li><li>• On April 11, 2023, the Department sent the Counselor an overpayment notice requesting that he repay \$8,801.26 for leave taken when it was not available to him due to inaccurate leave balances.</li></ul> <p>After reviewing the Department's investigation, we agreed that the Counselor was not submitting the monthly timecards or leave slips when taking leave. However, it was sometimes difficult to determine whether the Counselor was working or not because supervisors for the Counselor</p>
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## Department of Corrections

did not have a tracking mechanism for recording when the Counselor was not working or for guaranteeing leave slips or timesheets were appropriately finished and submitted.

### Control Weaknesses

Internal controls at the Department were not adequate to safeguard public resources. The Department's investigation found the following weaknesses allowed the inappropriate time reporting to occur:

- The Department lacks sufficient internal controls to ensure employees are submitting timecards in order to support time worked and paid out by the Department.
- There was no supervisory tracking of leave used by the Counselor or review performed to confirm the Counselor submitted a monthly timesheet and leave slips when not working.

### Recommendations

We recommend the Department strengthen internal controls around timecard and leave slip submission. Specifically, the Department should improve training and communication with supervisors to ensure they are reviewing and approving timecards and leave slips in a timely and accurate manner.

We also recommend the Department seek recovery of overpaid amounts, as appropriate, from the Corrections Mental Health Counselor.

We will refer this case to the Washington State Executive Ethics Board for any further action it determines is necessary.

## Department of Corrections

### NOTES

LOR: [\[LOR Summary\]](#)

Reduced Fraud Report recommendation.

We communicated this to Michelle Walker, Audit Director, on 4/10/23.