



Office of the Washington State Auditor
Pat McCarthy

Fraud Investigation Report

Department of Corrections

For the investigation period January 1, 2021 through December 31, 2022

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**Office of the Washington State Auditor
Pat McCarthy**

July 10, 2023

Secretary Strange
Department of Corrections
Olympia, Washington

Report on Fraud Investigation

Attached is the official report on inappropriate activities at the Department of Corrections. On February 1, 2023, the Department notified the Office of the Washington State Auditor of a potential loss of public funds. This notification was submitted to us under the provisions of state law (RCW 43.09.185).

Our investigation was performed under the authority of state law (RCW 43.09.290) and included procedures we considered necessary under the circumstances.

If you are a member of the media and have questions about this report, please contact Director of Communications Kathleen Cooper at (564) 999-0800. Otherwise, please contact Special Investigations Program Manager Stephanie Sullivan at (360) 688-0858.

Pat McCarthy, State Auditor
Olympia, WA

cc: Michelle Walker, Audit Director/Ethics Administrator

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FRAUD INVESTIGATION REPORT

Background and Investigation Results

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:

- In March 2021, the Department reassigned the Corrections Mental Health Counselor to the mailroom for work pending an investigation into allegations of performance concerns.
- 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.
- 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 absences, and the Counselor did not always notify him when he was going to be absent.
- 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.
- 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.
- 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.
- 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.

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.

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's Response

The Department of Corrections (DOC) takes all matters related to fraud very seriously and appreciates this opportunity to review and respond to the State Auditor's Office Fraud Investigation Report F-23-031.

The Department initiated an initial investigation regarding non-performance resulting in the discovery of the attendance and leave slip concerns for this individual, which then led to reporting the suspected loss to the SAO Fraud Unit as well as a subsequent DOC investigation into allegations of not submitting leave slips. During this time, we completed a review of our local protocol at the Washington State Penitentiary and identified the need for a centralized and systemic process for employees to call in providing notice of a delayed arrival at work or that they will be absent on that day. In a facility the size of the Walla Walla Penitentiary, and as a result of the COVID pandemic fatigue and the anti-vaccine employee shortages, gaps and failures were

identified with our local protocol for staff to call in and for the facility to communicate, track and monitor those delays and absences, resulting in failures in our process. Changes have been implemented to our internal controls to track and document staff calling in late or reporting absent to mitigate potential future risk of oversight as we move forward.

The Department continues to review policy as well as training opportunities, compliance with training, and ensuring acting/temporary supervisors are required to complete training to better strengthen communication and our internal controls around timecard and leave slip submission.

The employee has admitted not submitting appropriate leave slips and DOC worked with the SAO for approval to establish an overpayment process for DOC to deduct amounts from the employee's paycheck under a voluntary repayment plan.

- The staff member is repaying \$100.00 per pay period. The first deduction was 5/25/2023 and the last deduction of \$27.97 is estimated to occur on 10/10/2026 for a total of \$8801.26.*
- This individual is now being considered for investigation into continued non-performance and under review for consideration of termination from state employment with DOC.*

Auditor's Remarks

We thank Department officials and personnel for their assistance and cooperation during the investigation. We will follow up on the Department's internal controls during the next audit.

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In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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