

Washington State Auditor's Office Fraud External Investigation Review Checklist

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| Fraud Case Number | F-22-487 |
| Client | Washington State Major League Baseball Stadium Public Facilities District |
| Fraud Specialist | Jonathan Smith |
| Date Completed Investigation Review | 4/5/2023 |

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 | | |
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| 1 | When was our Office notified of the suspected loss? If we identified the suspected loss, when and how? | Our Office was notified of the loss by the PFD on 12/5/2022. |
| 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. | Olivia Bacon, Office Manager No, the subject does not have access to other accounting or financial systems. |
| 3 | What is the employment status of the subject? Add key date information. | Not employed as of 7/6/2022. |
| Investigator information | | |
| 4 | Who conducted the investigation? Full Name, Title | Joshua Curtis, Executive Director Darcy Johnson, Bulls-Eye Bookkeeping (contractor) |
| 5 | In your judgment, is the individual investigating able to conduct an objective investigation? If no, describe. | Yes, the individuals performing the investigation had access to all available documents and knowledge of which credit card transactions are for PFD purposes and which ones are not. |
| 6 | Does the individual have the experience and/or knowledge necessary to conduct the investigation? If no, describe. | Yes, see answer above. |
| 7 | Has our Office had any prior concerns working with the individual investing? If yes, describe. | No. |
| 8 | Has the investigation been reviewed by the client? | Yes, the client assisted with the investigation. |
| Scope, Methodology, and Evidence | | |
| 9 | What was the scope (timeframe) and | The PFD reviewed all credit card statements for the time that |

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| | methodology of the investigation? Please describe approach, records reviewed, etc. | <p>the subject was employed; April 2021 through July 2022. They reviewed the credit card statements and any receipts provided by the subject.</p> <p>The Executive Director also reviewed all paystubs for the subject for the same time period (April 2021 through July 2022) to determine the \$216.21 owed for spouse's dental insurance premium (which should have been deducted from paychecks).</p> |
| 10 | Describe analytical procedures performed by the investigator including the time frame used. | The PFD reviewed all credit card statements for the time that the subject was employed; April 2021 through July 2022. They reviewed the credit card statements and any receipts provided by the subject. The PFD also reviewed past paystubs of the subject to calculate the amount that should have been deducted for the subject's spouse's dental coverage. |
| 11 | Were tests of transactions conducted using the lowest possible original source documents? Describe the records. | Yes, once the PFD identified questionable transactions, they followed up with the subject for the detailed receipts. The subject was only able to provide 11 receipts for 82 identified questionable transactions. Some receipts confirmed the expense was personal and not for PFD purposes. |
| 12 | Were interviews conducted of entity personnel? If yes, add date of interview, name of person interviewed, and position title. | No formal interviews conducted, only email communication between the PFD and the subject regarding the credit card charges and paycheck deductions related to dental coverage. |
| 13 | 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>On 7/6/22, via email, the subject advised the Executive Director to deduct her spouse's medical and vision premium from her final check.</p> <p>On 7/12/22, via email, the Executive Director advised the subject of \$1,404.46 of "verified personal charges" and \$1,373.02 of Amazon purchases "...many of which I believe were charged for your personal use." A separate email was sent by the Executive Director the same day asking the subject to review an attachment of credit card statements and advise if any items were PFD expenses, and if she did make personal purchases and reimbursed the PFD, to provide the support of reimbursement. (subject response below)</p> <p>On 7/13/22, via email, the subject advised "I'm working today and I don't have time to do this. However, you can't withhold my paycheck either. Please deduct what you need to and sign will go thru it later. It is possibly my Amazon was linked to my card. You never had me set up a business Amazon and I was not provided a lot in to one."</p> <p>On 8/8/22, via email, the subject agreed to reimburse the PFD for \$216.21 (related to the dental coverage not deducted from her paycheck). The subject also admits "the Amazon charge/s were an honest mistake and I apologize it's taken a while."</p> <p>On 10/10/22, via email, the subject advised they had sent \$100 to the PFD. They also advised they will "do my best to completed go thru 1.5 years worth of my Amazon account</p> |

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| | | <p>and get all the receipts for PFD.”</p> <p>On 10/17/22, via email, the subject forwarded some receipts and advised two Amazon purchases totaling \$81.50 were personal charges that she will re-pay after 10/31/22.</p> <p>We determined via the email communication and the Court Filing by the PFD, the subject repaid \$100.00 total.</p> <p>Prior to this payment, the subject also gave permission to the PFD to “deduct the 25% of (her partner’s) medical and vision premium due from my final check.” This amount, plus the \$216.21 owed for her partner’s dental were then deducted from the subject’s final paycheck. However, upon advise from the legal counsel obtained by the PFD, they credited back to the subject the \$216.21 as the subject only gave permission for the PFD to deduct “medical and vision” and did not mention dental. The PFD advised the \$216.21 is still owed to the District.</p> |
| 14 | Did the individual investigating address the “what else” question? | <p>Yes.</p> <p>The PFD Executive Director did go back and review vendor payments (voucher payments) to ensure all of those were accurate. He also reviewed bank statements to ensure no wire transfers were sent by the employee. He also retrieved the laptop that was assigned to the subject.</p> |
| 15 | Does the investigation conclude with responsibility assigned? If so, add Full name, Position Title. Describe support/records used to assign responsibility. | <p>Olivia Bacon, PFD Office Manager</p> <p>Records used: Credit Card Statements, Receipts provided (and not provided), review of paystubs</p> |
| 16 | When did the individual investigating complete the investigation? | November 2022 |
| 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>The PFD investigation concluded a total of \$3,565.84 in misappropriated credit card charges.</p> <p>The PFD also noted \$216.21 owed for spouse’s dental insurance premium, which should have been deducted from the subject’s paychecks.</p> |
| 18 | Have any restitution agreements been signed? If so, describe. | <p>No.</p> <p>However, there is a small claims court filing (No. 22C1V190141CCX) made by the Executive Director on 11/16/2022 for \$3,602.85 (\$3,565.84 in Credit Card charges, \$216.21 for spouse’s dental insurance premium, less \$100 sent by the subject via EFT to the PFD.</p> |
| 19 | Who has received the results of the investigation? | Our office has received the results, as well as the legal counsel retained by the PFD (Arete Law Group). |
| Conclusions | | |
| 20 | Describe what and the amount of the investigation conclusions you tied out to underlying support. Add links to records we created to document our review. | <p>We reviewed all credit card statements during the subject’s employment; May 2021 (which includes late April activity) through July 2022, with a total expenditures of \$4,102.75. During our review, we identified all transactions that had potential risk of not being allowable. We then reviewed the</p> |

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| | | <p>receipts sent by the subject to the PFD as well as followed up with the Executive Director, to determine if each transaction was Allowable/Supported, Misappropriated, and Questionable.</p> <p>We found the following:</p> <p>Allowable/Supported: \$349.87 Misappropriated: \$1,405.17 (credit card only, exclude the misappropriation of \$216.21 in unpaid dental insurance premium) Questionable: \$2,347.71</p> <p>See our analysis at:  MLB Credit Card Review</p> <p>Notes:</p> <ul style="list-style-type: none"> - We determined the misappropriated amount by review of correspondence from the subject acknowledging some personal transactions, review of support/receipts, and the name of the vendor - The entire questionable amount is made up of Amazon purchases. - There were six Amazon purchases we determined were questionable where the subject forwarded receipts to the PFD and advised these were for PFD purposes. However, support showed they were shipped to her home address and Executive Director is unsure if items are located at PFD. - We confirmed with the Executive Director that the PFD acquired a 2nd credit card (ending in 5714) specifically for the subject, in November 2021. During our review, we noted that, all questionable & misappropriated transactions belonged to this new card, beginning in late November 2021. |
| 21 | Do you agree with the methodology used to assign fixed responsibility? | Yes. |
| 22 | Do you have any concerns about the work or evidence obtained? If yes, describe. | <p>Yes. There were two transactions where the PFD had reviewed the receipt and marked them as "for business purposes." However, after our review and follow-up, the Executive Director confirmed these transactions were not for business purposes.</p> <p>We also noted four receipts for transactions (three questionable and one transaction was cancelled) that were not marked on the PFD analysis showing receipts were provided. As the subject only provided 11 receipts, these should have been thoroughly reviewed.</p> <p>Further, the PFD's analysis marked an additional two transactions as supported however upon follow up, the PFD could only supply an incomplete screenshot for one</p> |

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| | | <p>transaction, and could not provide a receipt for the other, but advised it was for a PFD expense.</p> <p>Also, there were multiple transactions not included in the PFD's analysis and upon follow-up, the Executive Director advised that "they were not included because I remember advising the subject to make these purchases." We asked if he had the receipts for these transactions and he advised he does not. Further, some of these transactions were selected for testing during the current Accountability audit, and there were no receipts (or any support) for these transactions.</p> |
| 23 | <p>Do you agree with the conclusions? If no, describe.</p> | <p>Not fully, see above answer.</p> <p>The total dollar amount relies on the memory of the Executive Director to determine which transactions he gave permission for and others where he said he did not, however there are little to no receipts to show what was purchased.</p> <p>Also, when there was only one card (ending in 6110), both the subject and the Executive Director had access to the card. We are to assume all identified transactions were made by the subject.</p> <p>Our review concluded misappropriation totaling \$1,621.38 (\$1,405.17 credit card and \$216.21 in unpaid dental insurance premium) and questionable expenditures totaling \$2,347.71 during the same time frame.</p> |
| 24 | <p>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.</p> | <p>The PFD should follow their policy regarding monthly review of credit card expenditures. After review, the PFD should retain <u>all</u> support for <u>all</u> transactions.</p> <p>Anything purchased for PFD use, should be shipped to the PFD address.</p> <p><u>Proposed LOR:</u> During Accountability audit at 44WashStMLBStadium-AC21-FS21 (audit period: 01/01/2021-12/31/2021). We reviewed ten credit card transaction totaled \$1,186 and noted 8 transactions, totaled \$874 that did not have adequate supporting documentation. As a result, we were unable to determine if the transactions were allowable and for valid business purposes. Per the District's Credit Card policy, Credit cards statements will be reviewed and verified before payment is made. Each purchase will be documented with a detailed receipt.</p> |