

Fraud Investigation Preliminary Assessment Worksheet

Fraud Case Number	F-22-371
Client	City of Spokane
Fraud Specialist	Tara Alfano
Loss Notification Date	9/26/2022
Initial Contact with Entity Date	10/03/2022
Assessment Completion Date	10/10/2022
Team Review-Name and Date	Larissa Nolte 10/11/2022
Fraud Manager Review Date	SMS – 10/19/2022
Action/Next Step	Review external investigation

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	Employee accepted a full time position with a state agency and works the same four ten shift for the City of Spokane and the other agency. Communicated with the other agency that she would be on vacation leave until September 29th however has neglected to take any leave and has been getting paid by both agencies.
2	How loss was detected and reported	Conversation with a previous employee and was confirmed by speaking with the other Agency.
3	Type of loss (e.g. cash receipts, disbursements, payroll)	Payroll
4	Reported amount of loss	\$5,772.00 Employee became fully employed at another agency on 8/1/22 that is 160 hours less leave taken of sick of 14 hrs = 146 hours x gross hourly wage \$ 35.86 = \$5,235.56 plus retirement match of \$536.64
Information from EIS and Audit Manager		
5	Entity liaison (name and title) and phone number	Michelle Murray, Accounting/Grants Director 509-625-6320
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.	What is the City doing to consider additional losses for past periods in which the employee could have worked for other entities while working also at the City. Did the employee have access to other systems, or any financial records that could have been altered?
9	Normal audit scope and cycle for client?	Annual Financial, Single and Accountability audits
10	Accountability audit budget?	1,000 hours for fiscal year 2021

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?	Yes, 2021 Accountability audit is in progress. Currently wrapping up planning procedures with field work scheduled to begin 10/12/2022.
12	Any other relevant information?	No
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.	Yes, employee in the Purchasing Department. The employee had access to the City's general ledger, FMS, and applicable modules within that system. No access to any other systems, and no access to bank accounts. As of Tuesday, September 27, 2022, all FMS and VPN access has been terminated.
14	Has the client properly secured records or evidence related to the loss?	Yes, there was no physical evidence to secure. The City retains access to employee email, calendars, timesheets and other payroll information. All access terminated for the employee on September 27, 2022.
15	Briefly assess the internal controls over the key system(s) related to this loss. What is the potential for additional undetected losses?	There have been no additional risks found related to controls or additional losses. This was not an internal control issue in payroll processing. The employee submitted time sheets for review and physically worked at the City during the time of the issue. The City was later informed that the employee was also being paid for hours worked at the other agency during the same time period. The position at the other agency was remote. No controls were overridden to pay the employee. So far the City's investigations show this is a unique situation and have not identified other employee involvement. They have worked with the other agency and determined the loss occurred from 8/01/2022 through 9/26/22 when notified of the issue. There is no indication of undetected loss or additional time periods to consider.
16	Potential for additional loss or other areas of risk for loss - "What Else"? If yes, summarize.	N/A
17	When was the individual hired by the client (month and year)?	3/30/2015
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.	3/30/2015 Buyer I in the Police Department 12/03/17 moved to Purchasing Department as a Procurement Specialist for Fleet Services The employee was known as having work performance issues in the past, feedback from supervisors questioned the amount of work completed and what the employee was working on. No formal complaints or actions taken.
19	What is the current employment status of the individual (e.g. administrative leave on XX date)?	Administrative leave as of 9/27/2022 while the City's internal investigation is being completed.
20	Has the client conducted an investigation? If yes, summarize results.	Yes, initial investigation is complete to determine the total amount of payroll expenses during the time period identified. The Accounting Director and Internal Auditor reviewed timesheets and payroll documentation for their determination. They estimate the loss to be closer to \$7,000 (slightly over the estimate submitted). The Internal Auditor also reviewed the employee's email and calendar appointments, however no red flags or additional evidence was found. The investigation is now with Human Resources, Payroll, and Legal departments to determine the next steps and any applicable laws or policies that have been violated.

21	Has a police report been filed? If yes, is law enforcement investigating?	No
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.)	Yes; based on collaboration with the other agency involved they have established the loss occurred from 8/01/2022 through 9/26/2022
24	Is there fixed responsibility?	Yes
25	Who within the client has been notified of the loss (commissioners, board, elected officials, etc.)?	CFO, HR Director, Accounting/Grants Director, Internal Auditor, and HR representatives for the purchasing department
26	Has the County Prosecutor been notified?	No
27	Has any legal counsel been obtained by the individual?	Not that the City is aware of
28	Has the client entered into any restitution agreements?	No
29	Any other relevant information?	No