

Office of the Washington State Auditor Fraud External Investigation Review Checklist

Fraud Case Number	F-22-399
Client	Washington State Health Care Authority (HCA)
Fraud Specialist	Tara Alfano
Date of Investigation Review	1/12/2023






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 specialists 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.

Notification of Suspected Loss		
1	When was our Office notified of the suspected loss? If we identified the suspected loss, when and how?	10/11/2022; fraud submitted by entity through SAO portal
2	What was the amount or potential amount of the suspected loss?	\$1.00 - Amount of suspected loss unknown at time of submission
3	What is the suspected method used to perpetrate the loss?	Employee was found to be holding employment at two locations, the City of Spokane and HCA. Claiming to work the same shift at both jobs simultaneously.
4	If there is assigned responsibility? If so, does the subject of the investigation have access to other accounting and financial systems? If yes, describe.	Yes, HCA and City of Spokane employee Micaela Martinez, Contracts Specialist 3. No access to systems, the employee resigned on 9/26/2022, and lost all access then
5	Was the subject placed on administrative leave (date)? What is their current employment status?	No. Employee resigned on 9/26/2022 after investigative interview
6	Who conducted the investigation? Name, Title	Nathan Hathaway, Employee Relations Manager
7	In your judgment, is the individual investigating able to conduct an objective investigation? If no, describe.	Yes
8	Does the individual have the experience and/or knowledge necessary to conduct the investigation? If no, describe.	Yes

9	Has our Office had any prior concerns working with the individual investing? If yes, describe.	No
10	Has the investigation been reviewed by the client?	Yes, by Annette Schuffenhauer, Division Director.
Scope, Methodology, and Evidence		
11	What was the scope and methodology of the investigation? Please describe.	<p>HCA researched the applicable employment policies regarding outside employment and ethical behavior.</p> <p>They confirmed the subject's employment status and working hours with the City of Spokane HR Department and other City staff.</p> <p>Once confirmed, HCA held an investigative interview with Ms. Martinez to present the information found and questioning if she was working for both entities.</p>
12	Did the individual investigating address the "what else" question?	<p>During conversations with Nathan Hathaway, he stated that he worked with the subject's supervisors, Laura Shayder, Contracts and Procurement Manager and Julia Jacobs, Contracts and Procurement Manager and determined that she was completing her assignments and was regularly available online (she was a remote worker).</p> <p>They noted no periods of inactivity and told Nathan that she was completing all work successfully. They had no concerns with her work or being absent from the job. He also stated the subject was an exempt employee and not required to track hours on a time sheet, however they noted no lost hour where the employee was not working.</p> <p>Because this employee had only been with HCA for a short time and was still in a probationary period, Nathan stated there was no further investigative work required.</p> <p>Regarding the "what else," the subject's system access was limited to shared Outlook mailboxes, shared drives and SharePoint online pages. She also had access to the Enterprise Contract Management System (ECMS), which has some financial fields, however these were limited to updating the value contracts and the spend down through applying invoices to the system. HCA did not identify any other concerns with the subject.</p>
13	Were any subpoenas issued? If yes, describe.	No
14	Describe analytical procedures performed. Are any other analytical procedures necessary?	No specific analytical procedures were performed by HCA. They determined the subject was fulfilling her responsibilities based on performance and noted no instances of inactivity. See more details in box 12 and 15.
15	Were tests of transactions conducted using the lowest possible original source documents?	<p>HCA determined they did not incur a financial loss.</p> <p>Based on the employee's work performance, they determined she was working her assigned 40 hours per week during the questioned period. The subject was not required to prepare and submit a timesheet.</p>

		<p>We reviewed the documentation of the subject's schedule; see [ Martinez appt letter] and [ Martinez schedule change]</p> <p>We noted the subject was authorized a salary of \$6,260 per month (or \$3,130 per pay period). Upon hire on 8/1/22, the subject was scheduled to work core business hours (M-F, 8am-5pm). Effective 9/4/22, the subject changed her schedule to be M-Th, 6am-4:30pm.</p> <p>We also reviewed paystubs to confirm the subject was paid by HCA during the questioned period with the salary noted above, see [ Martinez pay stubs]. We noted that her final pay stub was less than her salary amount, which is expected as the subject's last day was prior to last day of the pay period. This is reasonable.</p>
16	Were interviews conducted of entity personnel?	Yes, as described above
17	Was the subject interviewed or given the opportunity to respond to the allegations? In cases where the individual is not interviewed, is the justification documented?	<p>Yes, see:</p> <p> HCA_Martinez, Micaela investigation report 9-2022 and pages 5-6, 11-12 at :  HCA_Investigation Attachments</p>
18	How did the subject respond to the key interview questions? Did they take responsibility for the misappropriation? If yes, when and how much?	<p>During an interview on 9/26/2022 @ 2pm:</p> <ul style="list-style-type: none"> • Subject said she is "vacationing out" with the City of Spokane as she has 272 hours of vacation left. She said she's on the payroll, but not active, not in the office, and not doing no current work for them. • Subject said her last day working at the City is 7/28/22, and did not do any work for the City while being paid at HCA. <p>After the interview, the subject sent an email acknowledging that she did not start "vacationing" or resigned from the City, and thought she could do both jobs. She resigned effective immediately.</p> <p>The next morning, the subject sent a text message that said they apologized for what happened, and acknowledged to family and financial issues. She didn't feel she was doing anything wrong and doesn't feel like they were fulfilling their obligations.</p>
19	Is there an overall summary including a schedule of the fraudulent activities and amounts misappropriated? Is the summary supported by work performed? Please describe what and how much you tied to support.	<p>Yes, investigative report summarized the activity. HCA determined there was no applicable misappropriation amount (as noted above).</p> <p>The summary includes work performed; applicable HCA policies and interviews with staff and the subject.</p> <p>The investigation concluded that the employee acknowledged to working at both jobs, which violated HCA policy regarding outside employment. Without approval, employees are not</p>

		<p>allowed to participate in outside employment. The personal conduct policy also has a requirement for all employees to act with honesty. (policy requirements are cited in the investigative report)</p> <p>HCA substantiated allegations that these policy requirements were not met by the subject.</p>
20	Is there fixed responsibility? Do you agree with the methodology used to assign fixed responsibility?	<p>Yes, Micaela Martinez</p> <p>Yes, the investigation, interviews, and written communications with the subject confirm the responsibility</p>
21	When did the individual investigating complete the investigation?	October 3, 2022
22	What are the results of the investigation and the amount of the loss? (If not already described above, summarize the results of the investigation here.)	The investigation concluded that allegations were substantiated. The employee acknowledged to working at both jobs, which violated HCA policy regarding outside employment. As noted above no financial loss was applicable.
23	Have any restitution agreements been signed?	No
24	Who received the results of the investigation? When?	<p>Annette Schuffenhauer, Division Director of Legal Services</p> <p>Lynda Karseboom, Audit and Accountability Manager</p> <p>October 3, 2022</p>
Conclusions		
25	Do you have any concerns about the work or evidence obtained? If yes, describe.	No
26	Do you agree with the conclusions? If no, describe.	<p>HCA concluded that while the subject did violate policy regarding outside employment, there was no loss as the subject was fulfilling their responsibilities and management was not aware of period of inactivity.</p> <p>However, the subject did acknowledge to working 2 jobs at the same time. We confirmed in the 07Spokane-FD22 teammate file the subject had the same working schedule</p> <p>In all, we agree that an ethics violation occurred as the subject was working two jobs at once as there is evidence to support the subject worked at both entities during the loss period. However, we are unable to quantify the extent of the loss on HCA, as we cannot determine the amount of overlap in time the subject was actively working at both HCA and the City.</p>
27	Document how any concerns noted during this review will be resolved. If you think additional procedures should be performed, please describe and contact Team Special Investigations to discuss and obtain approval for the investigative plan and budget.	Not applicable
28	Submit a helpdesk to notify Team Special Investigation that this checklist is complete, reviewed at the team level and available in TeamMate for review.	A team level review was performed by Larissa Nolte, AAM on 1/17/2023. Tara Alfano, AAM submitted a helpdesk on 1/17/23.