







Fraud Investigation Fieldwork Plan

| Reported Loss Information | | |
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| Fraud Case No. | F-20-277 | |
| Entity | Fort Worden Public Development Authority | |
| Date SAO was notified of loss | 8/20/2020 | |
| Type of loss (e.g. cash receipts, disbursements, payroll) | Disbursements | |
| Reported amount of loss | At least \$10,054 | |
| Investigation Resources and Timeframe | | |
| Audit staff | Christine MacIntyre, Melinda Seibert | |
| Budget (Team and Team Fraud) | 100 hours, including 22 hours for Team Fraud | |
| Proposed start date for fieldwork | 11/02/2020 – depending on availability of client | |
| Proposed completion date for fieldwork | March 2021 | |
| Brief Background | | |
| <p>The client hired an external investigator to perform a preliminary review of Authority disbursement records. The external investigator identified two disbursements totaling \$10,054 paid by the CFO to her husband's construction company for work that was not performed at the Authority. The CFO maintained access to multiple financial areas including the Authority's bank accounts, payroll, credit cards, grants, etc. Although we are not aware that she was involved in the cash receipting process, she did have access to checks received in the mail.</p> <p>Our last audit included testing of payroll, disbursements, cash receipting, and credit card transactions. The scope reviewed was 2015-2017. Based on the limited testing performed, no significant exceptions were identified. For the investigation, we will focus on 2018 to current and if necessary assess if these past years need expanded testing from what has already been performed.</p> | | |
| Planned Strategy / Procedures | | Budget |
| 1 | Planning conversations with the client and review of records provided by client. Also review the past audit documented controls, testing, and issues. | 4 hours |
| 2 | Perform external review of preliminary investigation completed by contracted investigator. Complete the external review checklist. | 4 hours |
| 3 | Bank Statement review <ul style="list-style-type: none"> • Perform a scan of Authority bank account statements transaction activity from 2015 to current looking for unusual activity, including identifying: <ul style="list-style-type: none"> ○ Wire and ACH transfers ○ Debit card activity (if any) ○ Unexpected withdrawals or missing deposits | 15 hours |
| 4 | Disbursements review – We determined during our brainstorm we would include disbursements review as part of the accountability audit work. If fraudulent transactions are discovered, we will complete additional fraud work. However, the yellow highlighted procedure below will remain fraud work. We will complete it under the external investigation review and use 2 FRAD hours for this work; all other hours will be GENL budget. <p>See accountability audit plan at  Accountability Audit Plan and audit work at  Disbursements - A/P and credit card</p> | 2 hours |

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| | <ul style="list-style-type: none"> • Perform a vendor trend from 2015 to current. • Select vendors paid in 2018 to current for further review to underlying invoice/supporting documentation to determine if these are valid payments. If concerns are identified, consider expanding testing to prior years if these vendors were paid. • Obtain and review a QuickBooks audit trail report for 2015 to current. Identify by username all checks entered by the former CFO and select ones for testing. • Confirm amounts paid to the known vendor (TJ's construction) of the CFO's husband have all been identified. • Review employee reimbursements paid to the former CFO and Executive Director to determine if these are supported and for valid business purposes. | |
| 5 | <p>Payroll review</p> <ul style="list-style-type: none"> • Perform a payroll trend of the former CFO and Executive Director's compensation from 2015 to current. Compare the total payments for 2018 to current to the employment contracts for the two employees to determine if the payments were appropriate. • Review Authority records located related the wage garnishments for the former CFO. Determine the source of the payments made to DOR and if these were properly garnished from the CFO's wages. • Perform a trend of the former CFO and Executive Director's leave use from 2015 to current. Compare leave usage in 2018 to current to calendars, leave requests, leave adjustments, etc. to determine completeness. • In the PAW it mentions a suspicious payroll account. Follow up to determine what the outcome of this account was. • Review of vacation leave for Executive Director, CFO and Finance Director • Review of leave cash outs paid to Executive Director, CFO or Finance Director if any identified. | 12 hours |
| 6 | <p>Credit Cards review – We determined during our brainstorm we would include credit cards review as part of the accountability audit work. If fraudulent transactions are discovered, we will complete additional fraud work. However, the yellow highlighted procedure below will remain fraud work. We will budget 2 FRAD hours for this work; all other hours will be GENL budget.</p> <p>See accountability audit plan at  Accountability Audit Plan and audit work at  Disbursements - A/P and credit card</p> <ul style="list-style-type: none"> • Identify all credit card vendors paid by the Authority. Perform a trend from 2015 to current to determine total amounts paid by year. • Review credit card work completed by Authority • Determine which credit card statements are on file at the PDA and if any are missing. Scan 2018 to current statement transaction activity looking for unusual dates, location, vendor charges • Select charges from 2018 to current for testing to determine if these are for legitimate PDA business • Review refunds and credits to determine how these were applied to the account and if any refunds were given as gift cards. • If necessary, draft subpoenas to obtain copies of missing credit card statements where PDA funds paid the bills. | 2 hours |
| 7 | <p>Foundation review – We determined during our brainstorm we would include review of transactions with the Foundation as part of the accountability audit work. If fraudulent transactions are discovered, we will complete additional fraud work. All hours for this area will be GENL budget.</p> <p>See accountability audit plan at  Accountability Audit Plan and audit work at  Foundation Review</p> <ul style="list-style-type: none"> • Review 2018 to current transactions between the PDA and the Foundation • Request 2015 to current Foundation bank statements for review to identify transfers from the Authority. If transfers are identified, we will request support to ensure transfers are appropriate, approved and supported. | 0 hours |

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| 8 | Conduct interviews with former CFO and former Executive Director (6hrs for Investigation Mgr) | 15 hours |
| 9 | Discuss reporting with Special Investigations Program Manager and draft report | 6 hours |
| 10 | Special Investigations Program Manager review time (TM file, Report, LE communications, Exit) | 16 hours |
| 11 | Admin time (Client communications, Team level review, Exit) | 24 hours |
| 12 | Total hours | 100 hours |
| Subsequent Changes to Fieldwork Plan | | |
| 11 | | |
| 12 | | |
| | Total additional hours | |