

Pacific County

Interview of Rachel

Date: February 10, 2025

Time: 4:30pm-5:40pm

Interviewers: Stephanie Sullivan, Special Investigations Program Manager, and Beau Villarreal, Assistant Audit Manager

Also attended interview; Nathan Needham, Rachel's Attorney

Place: via Teams Meeting

Introductory information and questions:

- Thank you for meeting with us today. My name is Stephanie Sullivan and with me is Beau Villarreal. We will both be asking some questions and taking notes.
 - The State Auditor's Office is a reporting agency, not an enforcement agency. We perform several different types of audits at a variety of government agencies across the State of Washington. The State Auditor's Office is performing a review of payroll at Pacific County and we have a few questions about the payroll process and specific transactions.
 - I want to make sure you are aware of the following:
 - You are not required to discuss any information related to this audit with us; however, we consider your input valuable and it will assist us in making recommendations to the County.
 - If you would like to end the meeting at any time, you may do so. Also, if you want to take a short break from the interview, just let us know.
1. Are you willing to proceed?
Sure.

General Questions:

1. How long did you work for the County?
I worked for the County for 16 years. Left in June 2022.
2. What was your position title?
Started as a Jr. Accountant for about 6 months, then became the Chief Accountant
3. Can you please briefly explain to us what your primary responsibilities were at the County?
Supervisor of all things expense in the County working under the auditor, so anything that got processed out as an expense – accounts payable, payroll. Also, recording DOL, elections, etc. – also was over these areas.
4. What was your typical work schedule and total hours worked weekly?
Depended upon the day or the week – was a little bit cyclical. Payroll once per month, a draw and a lag. Accounts payable paid every weekly. Quarterly, monthly, annually reports, etc.

Stephanie clarified days and hours of the week. Rachel responded Monday-Friday – 40 or more hours per week.

5. Were you involved with the County's payroll processing? Can you walk us through that?

Had a payroll person who processed payroll – would process once per month. Would get payroll forms from different departments once a month. With front sheet that had dollar amounts. Process payroll once per month. Draw near beginning of the month – lag payroll for any overtime that wasn't captured during that month as well as any adjustments to leave. EDEN – software used at the County. They had a software system that was time and effort essentially that the employee could log into – their department didn't look at timesheets for all departments but looked at summaries for all departments. Department heads are approving their staff's time. They enter summaries into EDEN then process payroll.

For Auditor's office – did they fill out timesheets. Everyone filled out exception reports instead of timesheets. Not regular timesheets – just exception reports to regular timesheets. Joyce Kidd would approve her timesheets.

Stephanie asked how payments were made to employees (direct deposit, check, etc.). - Depended on what employee chose – paper check vs. direct deposit. Checks are signed during payroll process in EDEN, so any printed checks are signed when printed from the system.

- a. What was the timing of the payroll payment approvals?

See above write up.

- b. Who was responsible for approving the payroll disbursements?

See above write up.

- c. Who was responsible for reviewing and approving your timesheet?

See above write up.

- d. As part of the payroll process, can you describe how the VEBA contribution process worked?

For VEBA contribution piece – depending on union contract or decision of commissioners. If people were eligible, you would get a certain contribution if something was waived or if it was part of your union contract. Account would be set up in VEBA. Rachel stated she wasn't the main person setting up the accounts – she said paperwork would be sent into VEBA then it would get set up that way.

- a. How were contribution amounts recorded in the system? Calculated manually or system?

For amounts to get recorded into EDEN, depending on the union group – benefit that would be for that group that would be linked to that dollar amount.

Stephanie followed up and asked how does it get communicated to VEBA?

When the payroll person processed payroll. It would generate a check – it would then be sent to VEBA. The report would then be uploaded to the VEBA system.

Stephanie asked who was responsible for uploading the information to the VEBA system. Rachel said she was.

- b. Who prepared the county Benefit/Deduction Reports? Who reviewed?

Rachel said it just got generated with payroll, but she was the one handling the process.

Stephanie asked if anyone reviews this and Rachel said not that she knows of.

- c. Did anyone reconcile the county reports to the VEBA plan contribution report?
At first when the new system got set up, they would just send in the check and the report. At some point, VEBA stopped and it would be where the County was responsible for uploading contributions. Information wasn't in the EDEN system that matched up to the VEBA system. There wasn't a way to 'house' those numbers. When this happened, Rachel said she set up an excel spreadsheet. She said VEBA actually gave the initial spreadsheet which had a couple tabs – first tab with the dollar amount, amount of the check and the month. The next tab had a list of all employees and the dollar amounts so Rachel stated this was a huge 'time suck' when this was first established. Rachel said she created a macro so that essentially she would adjust the spreadsheet when the commissioners adopted the budget, so effectively it was changed for payroll at the beginning of the year. Rachel would key in the dollar amount, key in the check amount, and the date, then run her macro and upload it into the VEBA system.

Stephanie asked how this would work if someone left during the year. Rachel said when this would happen the Department would notify them that someone was leaving, then Rachel would inquire if they qualified for contributions for VEBA or other benefits. If it was determined the person wouldn't get a VEBA contribution, Rachel would remove them from the spreadsheet. Same thing with adding a new employee if that was the case.

6. Can you describe how vacation and sick leave tracking was handled?
How was the tracking working? System generated in EDEN or manual? Rachel: Can you ask the question differently? I'm not sure I understand. Stephanie said so, vacation and sick leave – how was it being tracked and monitored? Rachel responded it was tracked in the EDEN system, accruals were automatically generated in that system. When people took leave it would get deducted in that system. It was just part of the payroll process.
- a. Who was responsible for approving?
Approval would be the department heads. For Rachel specifically, it would be Joyce.
- b. Who was responsible for ensuring leave balances were accurate and leave taken was deducted?
For your sick leave and vacation – EDEN was tracking that so she could see her balances. When she used it, it would be removed in the system. – Requested and approved in system, then system would automatically reduce leave balances.
- c. Who reviewed and approved your vacation and sick leave?
Rachel would key her leave into the system. The payroll person would create the leave slips and Joyce would sign off on it.
7. Was comp time allowed for employees?
Yes.

Stephanie followed up to ask how it was being tracked.

Rachel stated it depended. Each place tracked it differently. For example, auditor's office tracked their own, Treasurer's office tracked their own, etc.

Once the Sheriff's Office got compensation time in their union contract, they set up a compensation line in EDEN, but other than that, compensation time was never tracked in the system.

a. Who?

Various different employees in different departments, including Rachel.

b. Did you earn comp time? Can you describe when you would earn comp time?

Yes, when extra hours were worked.

c. How was comp time tracked?

Rachel used a physical calendar for tracking her comp time – appt. calendar. When Rachel worked extra hours, she tracked it on there. When she took extra hours, she tracked that on there. She would review it with her boss. When she used comp time, she would use that instead of vacation or sick leave.

d. Did anyone review and approval your comp time?

Did Joyce get anything monthly as support for comp time? They talked about it, but nothing official. They would just have a discussion, and Joyce would say 'oh you should use this comp time', then Rachel would take time off and get a call from home. Hard to take time off without being contacted.

e. What was the expectation for when you would use this time instead of vacation or sick time?



Any expectation of comp time being used before vacation/sick? How did you decide what to take? Depended, if you had to take leave, use it or lose it for leave at a certain point, so she'd use leave if it got to that cap, otherwise would usually use comp time. During times like doing annual report, W-2, etc. wouldn't be able to take leave. Before, they couldn't cash out comp time. Wasn't allowed to.

Specific questions:

8. We found in our review of payroll a significant number of instances where your calendar indicated you were out of the office and you had set out of office email messages between 2018 to 2022, however, no leave was reported used to reduce leave balances. Can you help us understand this?

a. 12/20/2018-1/4/2019 (2weeks Christmas/new years)("I will be out of the office returning 01/07") No leave was recorded (30-80hrs?), can you help us understand why no leave was taken?

Probably because comp time was used. Rachel used to keep calendars that would have all that on there. It would definitely be comp, but she can't prove it or show it to us. Usually took last week – Christmas to end of the year off, but often still working during it.

- b. 3/8/2021- 3/11/2021 (M-F). Work calendar showed vacation. ("I will be out of the office returning 03/15/2021"). No leave was recorded (40hrs?)
Would have been comp. Had to have out of office in, would be weird to say 'out of office on comp' – Rachel says she has her last calendar (the one for 2022), but tossed all of the others. She said she could show us how her comp calendar looked and what she put on it. Majority of managers in the county she thinks did the same thing.
Stephanie asked about 2022 – she said she does have that calendar.
- c. 2/28/2022- 3/3/2022 (M-Th), Work calendar "off", ("I will be out of the office returning 3/7/2021")
Rachel said she will provide us with the calendar – she'll be working in Olympia in Wednesday and said she should be able to send us a copy then. She said we should be able to see what the comp balance was using that calendar.
9. Can you talk to us about your final paycheck and who prepared this?
Final paycheck – wasn't there so wasn't sure who prepared it. – said she wasn't there. Thinks maybe Shiela entered her final timesheet into the system.
Her last two weeks – Joyce Kidd wanted Rachel to work. Was off at about 2 at her other job, so she worked 2-whatever to answer emails and to help. Also was coming in on weekends and Fridays to help train the new person and with any problems that occurred. Was paid through the end of June. She also came in during July and worked two Saturdays. She has that on her calendar as well. She has a post it saying 'this day use this many comp hours, worked this many hours' she said she made her boss sign off on it to make sure everything was good to go. She has that support as well.
Stephanie asked when Rachel started with OSPI.
Rachel stated she thinks she started around June 20th, 2022 (year she left County, think it was 2022), maybe June 22nd. However, she still did work at the County a little past this, as noted above. Rachel said she still had her County laptop, worked through end of June as well. Came in on Saturday's and Fridays after this to help train. Final paycheck – she assumed Sheila would have entered this [her payroll] in. She entered this in for everyone always unless Sheila was out then she would help. She had access as a backup.
Stephanie asked Beau to pull up a handwritten document with calculations that was included with support for the final paycheck in [  ~~Provided by client: Patrick-wages-resignation~~].
Rachel confirmed she wrote the handwritten document with the calculations.
14 hours of vacation is probably what she accrued during the month.
'other' 20 hours – worked 7/2 and 7/9 – this is what she was talking about above in her comments above. Rachel stated \$68.30 is overtime rate for these which is what she negotiated with Joyce. Paid for these hours prior to working since she was 'done working at the County' – paid in advance for days she agreed to come in. boss approved overtime rate.
10 hours 6/25 and 7/1 – Fridays she worked after regular time period. These would be included in regular hours
Worked 100 regular hours 'used to work 4 10s. her boss wanted her to work 5 10 hour days for the two weeks she worked in June.
11.5 hours comp time – her calendar should show that was the available balance.
Comp time – it was being used during the month, not cashed out. Rachel stated she was working evenings from the 21st-30th. She was using the comp time during the month for any hours not

worked.

Comp hours would have been time used after June 21st.

- a. Who reviewed and approved the calculations?

Answered above.

- b. Can you help us understand why the hourly rate was changed from \$43.98 to \$50.32 for just your final paycheck?

Rachel asked if it was due to longevity, but that was a separate line item. We spent some time discussing this trying to figure out the cause, but it was unclear during our interview. Rachel did state she thinks it may have something to do with her being salary and a system calculation.

We subsequently followed up with the County and it was determined this was a system calculation based on Rachel being salary.

- c. Your resignation letter said your last day would be 6/21, but the final check shows 100 hours reported worked, why is this? No vacation balance used for the remainder of the month?

- d. What are the 20hrs titled “Other”?

As noted above, ‘other’ 20 hours – worked 7/2 and 7/9 – this is what she was talking about above in her comments above.

- i. Can you explain why the payrate of \$68.30 was used?

As noted above, Rachel stated \$68.30 is overtime rate for these which is what she negotiated with Joyce.

- e. Why is the payrate for the leave payout different from all the rest?

Thinks it is due to being paid salary for the month due to her agreement with her supervisor Joyce, so the hourly rate might not show correctly.

10. When we reconciled VEBA payments to County records, we found some discrepancies between what the County records showed and what VEBA recorded as payments. Do you know how this could have happened?

	County benefit report	VEBA report for employee	County benefit report for you	VEBA report for you
Nov 2019 Zachary Friese	\$467.94	\$0	\$548	\$1,015.94
Apr 2022 Jesse Eastham	\$451.80	\$0	\$639	\$1,090.80

(\$1,385.70 total, 5 instances)

Rachel said as she explained earlier – when she set this up originally, which she said would have been back around maybe 2010 (a macro she created that automatically balanced this). Rachel stated she was trying to wrack her brain on how this happened.

Rachel said she thinks maybe her participation number got set up in the bottom in the macro, so as the macro ran it somehow added other people's to hers. So she would have taken one of the two rows off of Jesse's since he should only have one row. She isn't sure how it happened. She said she checked and checked the macro [we believe she was referring to closer to when it was first created], but it automatically did this file. She said she didn't check the macro [we believe she meant in more recent years].

Stephanie asked – so the amount under Jesse's name is being automatically added to your's [Rachel's] and nobody else's? Rachel said this is correct. Rachel said there were 2 contributions depending on what group they were in. They had numerous lines for different people. Macro summed up, then pivoted back, then went into share drive, then she just uploaded that file. Best she can think of is that when a person was incorrectly done through payroll. Or when they left and shouldn't have been given a contribution, it summed up and automatically put it into Rachel's account.

Stephanie asked why doesn't that happen monthly as an issue? Rachel said on the month's it didn't happen, she hadn't deleted someone and taken that out. Rachel said she didn't notice she had extra funds going into her account.

Rachel said it wasn't unusual for her to set up different spreadsheets to save time. She did this with multiple things to save time. She said she did this a lot to save time and make her life easier. Participant numbers were not in the EDEN system. EDEN did not have a good export, so she set up one spreadsheet to reconcile the information, then would save it and import it.

Her spreadsheet had same columns as the VEBA report. She thinks it was participant number, dollar amount, etc. she had a bunch of room for adding and removing people because macro was set to sum up information, create a pivot, etc. so she had big spaces so she wouldn't have to change her macro when she removed or added people.

Jesse should only have one contribution, so when there were two, that wasn't right. Jesse should have only got one contribution – the one that was correct. Payroll system calculated it incorrectly.

Rachel thinks it only got added to hers because she thinks for the formulas – as she was making adjustments, somehow she thinks her account number got in there again.

As it summed or something she thinks she put it into her account – she said its been 2.5 years since she left the County so she said she doesn't know and can't remember. She said she did this process every month.

Rachel stated she didn't realize there were these errors until it was brought to her attention this year.

Rachel said the only way to get VEBA is if you submit medical expenses that your

insurance didn't pay for – you have to provide those receipts. Rachel said it's nothing she ever used. She said it wasn't something she ever used or looked at.

Stephanie asked how she had been made aware of the VEBA concerns.

Rachel's attorney said he would respond. He said it was brought to Rachel's attention previously. Specifically, law enforcement contacted her last year. The Pacific County Prosecuting Attorney's Office has taken this up and is looking to meet them. Rachel and her attorney want to figure out what the spreadsheet and formula looked like. Nathan [Rachel's Attorney] stated he has worked with several experts who said its not unusual for someone to make an excel spreadsheet requiring the level of complexity on this due to time, then trust it as it continues to work until it doesn't. Nathan stated they will be meeting with Prosecuting Attorney's Office soon in the near future to discuss this further, so this isn't the first time someone has chatted with Rachel on this.

Rachel stated that in the VEBA report, veba vs. vebac is maybe union or non-union vebac=commissioned employees. If it doesn't list something, they are the same as the row above. Vebanc=non-commissioned employee and vebam=management employee

When asked about Zachary Friese, Rachel stated he left employment, so he was removed from the list.

Thank you for meeting with us. If you have any other thoughts later on, please feel free to call.