

Fraud Report

Fraud #: F-23-364

Submission Date: 09/15/2023

Entity: Department of Children, Youth, and Families

Dashboard

Short Description: payroll concerns

Investigation Status: Closed

Assigned Team: Single Audit

Assigned PM: STEPHANIE R Sullivan

PR Request ID's:

Public Records Request: No

Assignment Notes:

Detection Method: SAO Audit

Entity: S307

Total Budget: 106

Team Budget: 87

Audit Number: 66494

Audit Documentation: TM File

TM Project Code:

Ok to release/bill time: No

Primary Loss Type: Payroll

Loss Type Notes or Sub Category:

Cyber Loss Category: --

Cyber Cause: --

This case contains sensitive information: No

Which tab or attachment contains sensitive information?

Results: Accountability Exit

Closed Date: 08/06/2025

Inactivate: No

Inactive Notes:

Contact

Created By: CAVAN Busch

Name: Cavan Busch

Title: Program Manager

Phone: 5649990786

Email: buschc@sao.wa.gov

Assignment Notes:

Paw and Plan

Loss Notification Date: 09/15/2023

PAW Assignment Date:

Initial Contact with Entity Date:

Assessment Completion Date:

Reviewing Team: Single Audit

Team Review Date:

Fraud Team Review Date:

Please describe, if we did not meet 5 and 10 day requirements:

Action/Next Step:

Outcome

Exit conference date: 06/25/2025

Exit conference attendees: Rick Meyer, DSHS and Stefanie Niemela, DCYF

Misappropriation assigned amount:

Name and title of responsible party: Daniel Kresse, Social Service Specialist 5

Misappropriation unassigned amount:

Questionable amount: 31145.65

Misappropriation recovery amount:

Loss Amount:

Cyber recovery Amount:

Final audit cost:

Audit report number:

Audit report issue date:

Other case # s reported with this one:

Restitution

SAO Approval Date:

SAO Approval Initials:

AG Approval Date:

SAO Approval Initials:

Amount Approved:

Point of Contact:

Contacted PA Date:

Post audit PA/LE/FBI contact notes:

Activity Log

Date	Entry
09/18/2023	'Short Description' field updated by sullivan
09/18/2023	'Detection Method' field updated from '--' to 'SAO Audit', 'Audit Documentation' field updated from '--' to 'TM File' by sullivan
10/18/2023	Preliminary background information collected for both DSHS and DCYF agencies which confirmed the concern of an employee working two full-time jobs. Next steps, team will include a review of the concern further in the DCYF accountability audit. (sullivan)
10/18/2023	'Investigation Status' field updated from 'Assessment/PAW' to 'Waiting on Next Audit' by sullivan
10/18/2023	AC audit is coming up - anticipating we will include our review in that audit but will confirm in 4-6 weeks. (thompson)
11/01/2023	AC audit in 2024. No status change. (thompson)
12/04/2023	Entity now off cycle for biennium - state team discussing options on where to follow up so we don't leave it hanging till 2025. (thompson)
01/03/2024	Audit now scheduled to take place spring 2024 - pretty likely, not 100%. (thompson)
03/06/2024	Initial AC planning started.
04/03/2024	'Investigation Status' field updated from 'Waiting on Next Audit' to 'Fieldwork' by thompson
06/05/2024	Stephanie met with team yesterday to go over work performed - confirmed there are instances where time overlaps. Team is creating a separate TM file, pulling in fraud steps, and drafting an fraud investigation plan. Since AC is closing soon the team will include a ref to the open investigation in the report. Confirmed with team that both agencies are aware we are looking into this. Next step: submit plan to TF for review and approval. (thompson)
08/07/2024	Status update: Sam submitted plan for review. (HD on Team SI's plate) (pritchab)
09/04/2024	Status update: Budget request to Brandi for approval. Got records from client to start (pritchab)
09/06/2024	9/5 - Brandi approved budget (pritchab)
09/09/2024	PAW Notification Sent
09/10/2024	'Total Budget' field updated from " to '0', 'Team Budget' field updated from " to '0', 'Audit Number' field updated from " to '66494' by hopkins
09/11/2024	'Total Budget' field updated from '0.0000' to '6', 'Team Budget' field updated from '0.0000' to '4' by tim950
10/02/2024	Status update: Sam will send another budget update. Original budget was built not knowing if we'd get timekeeping records from DSHS. However, able to get time entries from DSHS so we'll be able to compare DSHS to DCYF (which will take more time than expected) (pritchab)
12/04/2024	Status update: Team completed review and address comments. One thing to reach out to the client but should be ready to submit HD to team SI for review at end of December and hoping for interviews sometime in January. Team SI would like contact information for subject and supervisor and draft interview questions. (lycana)
01/09/2025	Status update: Team and SI met up to discuss and are working on scheduling interviews with supervisors next week and then subject afterwards. (lycana)
02/05/2025	Status update: Held meetings with supervisors, hoping to interview subject next week. (lycana)

03/03/2025	'Total Budget' field updated from '6.0000' to '106', 'Team Budget' field updated from '4.0000' to '87', 'Assigned PM' field updated from '' to '20058811' by pritchab
03/05/2025	Status update: Interview held with subject yesterday. Discussion about various elements from interview. (lycana)
04/02/2025	Status update: LOR = exit recommendation, one for each, team is finishing up TM fieldwork and will notify SI when exit recommendation is ready for review. (lycana)
05/14/2025	Status update: Helpdesk is submitted for the exit recommendations for both DCYF and DSHS. (lycana)
06/04/2025	5.27- SI reviewed exit recommendation and sent edits back to team to address. (sullivans)
06/04/2025	'Investigation Status' field updated from 'Fieldwork' to 'Reporting' by sullivans
06/04/2025	Status update: Team addressed comment on exit recommendation and ready for final review before sharing. Discussion about likely having same recommendation for both DCYF and DSHS. (lycana)
06/25/2025	Attachment added
07/02/2025	Status update: Once exit recommendation has been shared with clients, attach copy to database and submit HD to Team SI to close. (lycana)
08/06/2025	Exit recommendation shared on 6/25/25 with Rick Meyer, DSHS and Stefanie Niemela, DCYF (sullivans)
08/06/2025	We identified 94 instances where the employees hours between DSHS and DCYF overlap. We quantified the amount of wages attributable to these hours using the pay rate at the time of overlap and found that the total wages paid during these times of overlap were \$9,092.87 (\$4,567.19 DSHS + \$4,525.68 DCYF). Additionally, we identified 16 instances where the subject worked multiple shifts in a row ranging from 24-72 hours straight, which we have determined to be unfeasible. We have summarized the wages attributable to these shifts as questionable costs totaling \$31,145.65 (\$8,772.73 DSHS + \$22,372.92 DCYF) (sullivans)
08/06/2025	'Exit conference date' field updated from '' to '6/25/2025', 'Exit conference attendees' field updated from '' to 'Rick Meyer, DSHS and Stefanie Niemela, DCYF', 'Name and title of responsible party' field updated from '' to 'Daniel Kresse, Social Service Specialist 5', 'Questionable amount' field updated from '' to '31145.65' by sullivans
08/06/2025	'Results' field updated from '--' to 'Accountability Exit' by sullivans
08/06/2025	'Investigation Status' field updated from 'Reporting' to 'Closed', 'Closed Date' field updated from '' to '8/6/2025' by sullivans

Initial Loss Report

Department/area of concern: At DCYF and potentially DSHS as well

What is the suspected loss or illegal activity? 800000

Start: 01/01/2018

End: 09/15/2023

What type of issue are you reporting? Payroll

What type of cyber concern are you reporting? --

What was the cause of initial attack vector for the cyber loss? --

Please describe the type of issue:

Please describe the amount of loss:

Please describe the suspected loss of illegal activity: Although he is classified as on call at DCYF, Daniel appears to be working there full time in addition to a full-time job at DSHS. The number of hours worked appears to be unreasonable.

How was the suspected loss or activity detected? Through analysis of HRMS data.

Is an investigation in progress? No

If an investigation by management, law enforcement or others underway, who is in charge of this investigation?

What actions have you taken to date, if any?

Are there any dedications of employee involvement? Yes, this is a suspected employee action.

Name and/or title of employee that have been involved in (responsible for) the loss. Daniel Kresse, Social Service Specialist 5

Is this person still employed by the agency? Yes

Describe the employee's job responsibilities and areas or functions the employee has/had access to: The employee is a mental health counselor.

Have any restitution agreements been signed? No

Has a police report been filed? No

Do you have a copy? No

Who at the entity is aware this concern is being reported? Both agencies were contacted for preliminary analytical information, so they are aware we are looking into this issue.