

DCYF & DSHS F-23-364

General

Code: S1DCYF&DSHS-FD23
Name: DCYF & DSHS F-23-364
Group: Single Audit
Type: S1-Agency, Commission, or Board
Location: State
Scope:

Team

Lead: Sam Stipic
Manager: Stephanie Sullivan

Procedures

A.1.PRG - TeamMate Administration

Procedure Step: Audit Set Up
Prepared By: SS, 5/8/2025
Reviewed By: CMB, 8/14/2025

Purpose/Conclusion.*

Purpose / Conclusion:

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Set up TeamMate audit file in accordance with TeamMate Protocol.

Testing Strategy:

All of the following steps are required in order to properly set up the TM file except for the optional step to set up global tickmarks. If the budget is less than 100 hours, auditors may skip steps 4-6 (filling out the profile and sending to TC) until the end of the audit.

1. **Add the audit team to the project** - To do this, go to the Planning tab and select Team. Then select the team from the TeamStore by clicking the "get" button. [For confidential audits only \(IT, Medicaid, etc.\): Disable guest access.](#)
2. **Set Project Manager and Lead** - Select the Lead and Manager from the drop down menus in the Team Tab of the Profile. The "Lead" should be the Auditor-In-Charge of the audit, and the "Manager" should be the Assistant Audit Manager supervising the audit.
3. **Fill out initial information in the Profile** - The Project Profile captures general information about the audit for the TeamCentral database. Access the Profile from the Planning tab and populate as many of the required fields in the Profile as possible at this stage of the audit. A description for each required field can be found in the TeamMate Protocol document.
4. **Centralized Projects** - Go to <http://saoapp/TMDV/ViewProjectErrors.aspx> and enter the project code then "Validate" to check your project for errors.
5. **Resolve any TMDV errors** - The TeamMate Data Validation (TMDV) application performs a series of edit checks on data in your project to ensure accuracy and conformity to protocol. If TMDV identifies errors for your project, resolve the errors and send to central again (if distributed) until TMDV displays that there are no records to display.

Exceptions could indicate either errors in the TeamMate profile or issue data or errors in other SAO databases. If you have confirmed that information in TeamMate is correct, contact the TeamMate Administrative Group to initiate corrections to our other databases.

6. **Set up your favorite global tickmarks (optional)** - Global tickmarks are available throughout the audit file and do not change from workpaper to workpaper. You can access the global tickmarks screen from the Planning tab.
7. **Initialize Audit** – Attempt to sign off on this step, which will trigger a dialog box asking if you would like to initialize the audit. After initialization of the audit, you may continue to add users or global tickmarks, but cannot delete any.

Guidance/Criteria:

ADDITIONAL BACKGROUND

Auditors should consider the following background information and resources when performing work on this area.

[TeamMate Protocol Document](#)

Record of Work Done:

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1. Added the audit team to the project (all audits). As applicable, disabled guest access (confidential audits only).
2. Set the Project Manager and Lead
3. Filled out the audit profile
4. Checked Data Validation System for errors
5. Resolved all TMDV Errors
6. Set up my favorite global tickmarks, if needed
7. Initialized the audit file

A.1.PRG - TeamMate Administration

Procedure Step: Project Review & Finalize
Prepared By: SS, 6/25/2025
Reviewed By: CMB, 8/14/2025

Purpose/Conclusion:

Purpose/Conclusion:

To ensure that audit documentation complies with TeamMate Protocol, the audit file is ready for finalization and archiving, and that any files outside of TeamMate are completed and reviewed.

Testing Strategy:

Replicas

Ensure that all replicas are merged into the master file and discard any replicas that will never be merged.

Review of workpapers

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Review workpapers to ensure they are completed and properly signed off. You can use the Procedure Status Viewer (for all procedure steps) or the Schedule Status Viewer (for procedure summaries and attachments) to see the status of steps and attachments in the audit file. *The Viewers can be accessed from the buttons on the Navigation Bar at the bottom of the screen.*

Coaching Notes

Verify that all coaching notes have been addressed and cleared. You can use the Coaching Notes Viewer to see the status of all Coaching Notes in the audit file. *The Coaching Note Viewer can be accessed by using the button on the Navigation Bar at the bottom of the screen.*

During the finalization process, coaching notes will be deleted. If you want to keep these notes you will need to create a report using the Reports wizard and save it outside of the TeamMate file.

Hardcopy Files and External Data

Ensure that hardcopy files referenced by the audit are completed and reviewed. Also ensure that any unnecessary documentation or files, including databases with any confidential or sensitive information, are appropriately disposed. If files or databases are needed for future periods, ensure these are appropriately secured. *See the SAO Administrative Policy on Data Security and Access.*

Project Profile

Review and update the Profile information. See the TeamMate Protocol document for definitions and instructions for each required field. *The Protocol document can be accessed from your Start Menu / All Programs / State Auditor's Office or on the Intranet on the TeamMate page.*

Confidential Audits Only

Disable guest user and any other users granted temporary file access.

Issue Review

Ensure issue content is exactly what was presented to the client per the Exit Document, Management Letter, or Finding. There should only be one issue for each finding, management letter item and exit comment. Additional information or notes about the issue can be documented in the "notes" tab. Any other documented issues (that were communicated verbally, at pre-exits or were later combined or dropped) should be either deleted or marked as "verbal recommendations."

Check that all required issue fields are completed and correct. See the TeamMate Protocol document for definitions and instructions for each required field. *The Protocol document can be accessed under Audit / TeamMate on the Intranet.*

Issue Sign-Off

All issues must be reviewed and signed off by a Supervisor and/or Audit Manager, per Protocol. The finalization process will require all issues to have a state of "reviewed."

Audit Status in Tracker

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Update the Audit Status of prior audit management letters and findings in Tracker. See the [Tracker Quick Reference Guide](#) for details.

Resolve any TMDV errors - The TeamMate Data Validation (TMDV) application performs a series of edit checks on data in your project to ensure accuracy and conformity to protocol.

- Go to the Status and Milestones tab in the profile and change project status to "Post Fieldwork"
- Go to <http://saoapp/TMDV/ViewProjectErrors.aspx> and enter the project code then "Validate" to check your project for errors.
- If TMDV identifies errors for your project, resolve the errors and check web site until TMDV displays that there are no records to display.

Exceptions could indicate either errors in the TeamMate profile or issue data or errors in other SAO databases. If you have confirmed that information in TeamMate is correct, contact the **TeamMate Administrative Group** to initiate corrections to our other databases.

Change Project Status

Go to the Status and Milestones tab in the profile and change project status to "Post Fieldwork".

Enter the report issuance date in the "Issued (Final Report)" field. **REMINDER: DO *NOT* CHANGE THE STATUS OF THE PROJECT TO ISSUED.**

Complete/Finalize Project

After the audit report has been sent to OS the audit should be finalized by the Audit Manager. To do this, go to Review | Finalize. The finalization process will:

- Halt the process if any issues have not been reviewed;
- Warn the Audit Manager of unreviewed workpapers and/or steps;
- Check for uncleared coaching notes;
- Finalize the project, which prevents any further changes from being made to the file.

Note: if the project is finalized and the team subsequently needs to add or modify the documentation, contact the TeamMate Administrator for assistance.

Guidance/Criteria:

ADDITIONAL BACKGROUND

Auditors should consider the following background information and resources when performing work on this area.

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TeamMate Protocol Document

Record of Work Done.*

All of the following steps have been completed for this audit file:

- All outstanding replicas are merged.
- All workpapers have been reviewed.
- Coaching notes have been addressed and cleared.
- Hardcopy files have been completed and reviewed.
- Unnecessary files and databases have been appropriately disposed of, and any files or databases needed for future periods have been appropriately secured in accordance with SAO's administrative policy on Data Security and Access.
- The audit profile has been completed.
- As applicable, any guest/temporary user access has been disabled (confidential audits only).
- Issue content has been reviewed and required fields completed.
- All issues have been signed off as reviewed.
- The Audit Status of prior audit management letters and findings has been updated in Tracker.
- All TeamMate Data Validation errors are resolved.

The audit will now be finalized and be marked for archival.

B.1.PRG - Investigation Procedures

Procedure Step: Summary of Conclusions

Prepared By: SS, 5/14/2025

Reviewed By: SRS, 6/25/2025

Purpose/Conclusion.*

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Purpose/Conclusion:

To summarize the results of fieldwork and assess whether evidence is sufficient and appropriate to support conclusions.

Testing Strategy:

Summarize the results of fieldwork including a schedule of the fraudulent activities and amounts which are cross-referenced to supporting work.

Assess the overall sufficiency and appropriateness of evidence obtained throughout the investigation. In assessing the sufficiency of evidence, consider whether there is enough evidence to persuade a knowledgeable person that the conclusions are reasonable. In assessing the appropriateness of evidence, consider its relevance, validity and reliability.

Guidance/Criteria:

ADDITIONAL BACKGROUND

Auditors should consider the following background information and resources when performing work on this area.

SAO Audit Policy [1410](#) - Fraud Investigations

Record of Work Done:

A summary of the results of fieldwork:

During the DCYF SFY2023 accountability audit, we flagged an employee Daniel Kresse as working full time at DSHS and DCYF..

We initiated an investigation and determined from November 2019 to August 2024, an employee held dual employment at DSHS as a Psychiatric Social Worker and at DCYF as a Social Service Supervisor. We reviewed available time entries of record dating back to June of 2020 and noted that from June 16, 2020, to August 11, 2024, the employee reported working 2,277.5 hours earning approximately \$113,254.10 in gross salary at DSHS. During the same period, the employee reported working 2,474 hours earning approximately \$126,515.36 in gross salary at DCYF. This called into question the veracity of his time reported worked and compensation at both locations.

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).

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We will refer this case to the Washington State Ethics Board.
See EI FD2023 DSHS Outside Employment & EI FD2023 DCYF Outside Employment

B.1.PRG - Investigation Procedures

Procedure Step: Verify DSA
Prepared By: SS, 9/11/2024
Reviewed By: ACS, 11/20/2024

Purpose/Conclusion.:

Purpose / Conclusion:

To verify that a Data Sharing Agreement is in place before starting the audit.

Testing Strategy.:

Prior to starting the audit, teams are **required** to verify that a Data Sharing Agreement is in place by performing the following procedures:

- Go to the DSA Library: <https://stateofwa.sharepoint.com/sites/SAO-DataSharingAgreements/DSA/Forms/AllItems.aspx>
- Check the folder corresponding to the entity's MCAG. *This can be done by searching for the MCAG in the upper left search box or by finding it in the responsible team's folder.*
- If a DSA is not yet in place, then work with your manager to get an agreement in place prior to starting audit work. *If the entity has a No-DSA Waiver in DSA Library, the audit may continue but no confidential data (category 3 or 4) can be requested or received. If this restriction becomes a barrier for the audit, the team should consult with their Assistant Director and TAS.*
- If the DSA Scope is other than "General" or DSA Type is something other than "Standard DSA" then auditors should be familiar with the contents.

Guidance/Criteria.:

Record of Work Done.:

We checked the DSA Library and confirmed that a Data Sharing Agreement was in place for both DSHS and DCYF prior to starting audit work.

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The current DSA for DSHS and DCYF ends on 6/30/2025 and 12/29/2024, respectively.

B.1.PRG - Investigation Procedures

Procedure Step: Reported Loss and Investigation Plan

Prepared By: SS, 12/3/2024

Reviewed By: SRS, 12/30/2024

Purpose/Conclusion:

Purpose/Conclusion:

- To document the initial reported loss and preliminary assessment completed.
- To document the investigation plan steps that addresses the anticipated investigation strategy, scope, staffing, and budget.

Testing Strategy:

Investigators are *required* to complete steps 1-3:

1. Make initial contact with the client (within 5 business days of initial loss report date) and discuss loss with audit manager.
2. Complete a Preliminary Assessment Worksheet (PAW). Complete Team level review and submit to Team SI for review within 10 business days of initial loss report date. Please use the PAW review library to upload and document reviews completed and notification for Team Fraud's review. Link to PAW review library: <http://saosp/TeamSites/Fraud/PAWs/Forms/AllItems.aspx>
3. Based on Team SI's review of the completed PAW next investigation steps will be determined.
 - For risks determined to be included in the current audit, **GENL time should be used to start**. Please **reserve at least 5 hours GENL** for the Team SI to bill for review. *Reminder: When planning investigation work remember to consider the following elements:*
 - *Approach and testing strategies*
 - *Initial scope of the investigation (time frame and areas examined)*
 - *Procedures to determine if scope should be expanded ("what else" question)*
 - *Procedures to understand internal controls, if necessary*

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- *Whether interviews need to be conducted and, if so, the timing, nature of the questions, and who will lead the interviews.*
- *Estimated time-frame/fieldwork completion date, budget, and staffing resources.*
- *In some instances an MOU may be something that is wanted to ensure clear communication. If this is the case, please work with the Special Investigations team to get the MOU approved. There are example MOU's on the sharepoint site.*

4. Request the set up of an audit number and budget in TABS. **Budget requests are expected to be approved by Team SI.**

(Option A) For external investigation review work, please send an email budget request to the Team SI for approval. Example budget request emails can be found on the sharepoint site: <http://saosp/TeamSites/Fraud/FraudExamples/BudgetRequestExample.msg>

- (Option B) For draft investigation plan, the budget will be documented in the approved plan. After the Team SI has approved the plan, they will send an email notifying you of the total budget approval. Prepare a BUCO and attach the email approving the budget to establish FRAD hours in EIS.
- **Required:** The budget will be documented in the approved plan. After Team SI has approved the plan, they will send an email notifying you of the total budget approval. Prepare a BUCO and attach the email approving the budget to establish FRAD hours in EIS.
- **Required:** Obtain and document advance approval from the Team SI for any significant modifications throughout the investigation or need for a budget increase. Document these modifications in the fraud fieldwork plan document.

Guidance/Criteria:

ADDITIONAL BACKGROUND

Auditors should consider the following background information and resources when performing work on this area.

Reminder: *When planning investigation work remember to consider the following elements:*

- *Approach and testing strategies*
- *Initial scope of the investigation (time frame and areas examined)*
- *Procedures to determine if scope should be expanded ("what else" question)*
- *Procedures to understand internal controls, if necessary*
- *Whether interviews need to be conducted and, if so, the timing, nature of the questions, and who will lead the interviews.*
- *Estimated time-frame/fieldwork completion date, budget, and staffing resources.*
- *In some instances an MOU may be something that is wanted to ensure clear communication. If this is the case, please work with the Special Investigations team to get the MOU approved. There are example MOU's on the sharepoint site.*

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SAO Audit Policy [1410](#) - Fraud Investigations

Record of Work Done:

Reported Loss:

1. Initial contact was made with the client on September 15, 2023 (notification date).
2. A Preliminary Assessment Worksheet (PAW) was not completed for this investigation as it was deemed not necessary, as this issue was initially assessed during our FY2023 accountability audit brainstorm, where information was gathered regarding the situation.

Investigation procedures:

Based on the preliminary information provided by the Department of Children, Youth and Families and the Department of Social and Health Services the following investigation procedures were determined:

Open investigation and draft plan.

1. We determined that a full investigation would be performed by SAO. See approved Investigation Plan here: Fraud Fieldwork Plan F-23-364
2. Inform entity of estimated investigation costs. An overall budget of 144 hours was approved. With the fraud billing rate of \$210/hour, estimated investigation costs total \$30,240. We spoke with Stefanie Niemela, DCYF Audit & Policy Liaison and Rick Meyer, DSHS External Audit Compliance Manager on September 11, 2024 and informed them of the investigation costs. Note: due to the Investigation involving two state agencies (DSHS and DCYF), and the matter involving concurrent employment at these agencies, we will split the total investigation costs between these two agencies based on time spent working on DSHS related work and DCYF related work. For areas where procedures are performed involving both agencies, we will split the costs 50/50.

B.1.PRG - Investigation Procedures

Procedure Step: Summary of Concurrent Employment
Prepared By: SS, 12/5/2024
Reviewed By: SRS, 6/25/2025

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Purpose/Conclusion.:

Purpose:

To complete investigation plan step procedures.

Source:

Stefanie Niemela, DCYF Audit & policy Liaison
Rick Meyer, DSHS External Audit Compliance Manager
Ann Weber, Interim HR Operations Manager
Andrew Colvin, Disclosure/Ethics Administrator

Conclusion:

We have determined that the time period of concurrent employment is from 11/5/2018 (first day of first pay period) to the present day as the employee is still employed at both agencies. We also gained a general understanding of both positions the subject holds at these separate agencies, determined work schedule, time and leave reporting, and gained an understanding of related policies surrounding outside employment and disclosure of such outside employment. We concluded that the subject did not need to disclose his position with DSHS to DCYF as the outside employment policy at DCYF does not apply to non-permanent on-call employees (which the subject is). We did however conclude that the subject did not follow DSHS outside employment policy as he did not disclose his employment with DCYF until November of 2023 (approximately 5 years after working at both agencies concurrently).

See Summary of Conclusions for all other conclusions reached during each step of the investigation.

Testing Strategy.:

Expectations:

- Use SAOShare for receiving investigation files
- Use TeamMate to document your work
- Exercise good communication - keep your Manager and Team Fraud informed, regarding the status of the investigation and document dates in the fraud database activity log.
- Ensure your documentation is clear, concise, understandable, and relevant
- Ensure work is complete, well thought out, and timely

Guidance/Criteria.:

Record of Work Done.:

Step 1 Plan: Summary of concurrent employment

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Investigation Procedures:

1. Document the time period of the subject's concurrent employment and the amount of earnings received during the period.
2. Document the subject's work schedule, job description, physical place of work and other general employment information, including process for payroll reporting and supervisor approval of time worked at both DCYF and DSHS.
3. Document policies and agreements between the subject and the agency(ies) regarding outside employment, and whether either agency(ies) was aware of the subject's outside employment.
4. Document any existing policies and agreements between the agencies and the employee regarding acceptable work hours/schedule, core work hours, and any other restrictions on location or timing of subject's work taking place.

Step 2 Procedures Performed:

1. We noted based on our review of HRMS Data at Preliminary Info HRMS DanielKressetab "HRMS_Data_DanielKresse", that the subject's first DSHS and DCYF pay dates were 7/10/2018 and 12/24/2018, respectively. As such, the time period of concurrent employment is from 11/5/2018 (hire date) to the present day as the employee is still currently employed at both agencies. We have requested support for our investigation through 8/15/2024 as a starting point.

Upon initial inquiry with Andrew Colvin, Ethics Officer at DSHS and Rick Meyer, External Audit Compliance manager, the subject started with DSHS in 2007. In 2010, he transferred over to Children's Administration (DSHS), and subsequently on 7/1/2018 when CA moved from DSHS to DCYF, he went to work at DCYF. However, in November 2018 he was rehired with Western State Hospital (DSHS). According to Ann Weber, Interim HR Operations Manager at DCYF, the subject's current DCYF position is non-Permanent on call, and did not begin until 11/5/2018. It was originally set up as a permanent position, but was switched by DCYF to a non-perm on call position on 11/16/2018.

We then followed up with DCYF and identified that the subject had two unique state employee identification numbers on file with the following timeline:

Personnel ID: 20012618

Western State Hospital – 6/4/2007 to 5/1/2010

Child Welfare/Administration (DSHS at the time) – 7/1/2010 to 7/1/2018

Child Welfare/Administration (DCYF) – 7/1/2018 to 11/4/2018 (within HRMS the pay from this position was still showing up as DSHS pay)

Personnel ID: 20121379

DCYF 11/5/2018 to 11/15/2018 – full-time, monthly OT exempt

DCYF 11/16/2018 – went non-perm on-call (when he went back to work for Western State Hospital).

The HRMS data only shows the subject starting to receive pay at DCYF for the period beginning in 11/5/2018 when he started the non-permanent on-call position. This is due to the DSHS position moving to DCYF on 7/1/2018 and the subject not being officially considered a DCYF employee until the change on 11/5/2018.

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We utilized the HRMS data at Preliminary Info HRMS DanielKresse ("Pay by Type" worksheet) to summarize the amount of earnings by type as of May 2023 when the report was ran.

2. We inquired with DCYF and DSHS HR personnel about the subject's work schedule and duties at both agencies. For DCYF, from Ann Weber, Human Resource Operations Manager, and his position description form at DCYF Kresse, Daniel position description 6-3-2024 3-46-00 PM the subject is currently a Social Service Supervisor (no longer a social service specialist) which is an on-call after hours supervisor. Most of the subject's working shifts align with weekday after hours and weekend work schedules. We included the position description form for his current position title (after hours Social Service Supervisor) on page 8 of DCYF Kresse, Daniel position description 6-3-2024 3-46-00 PM. According to Ann, all Social Service Specialist 4's were reclassified to Social Service Supervisor 5's occurring on 7/1/2019. The work location for each supervisor varies as this is a non-permanent on-call position. The position is paid hourly and is overtime exempt. According to Ann, DCYF was only aware of his concurrent employment with DSHS due to his position at DCYF showing up in the state HRMS system.

Based on the DCYF position description form, a Social Service Specialist is responsible for the following (see PDF Page 4 at DCYF Kresse, Daniel position description 6-3-2024 3-46-00 PM for more details):

- Meeting timeframes for child/family health and safety visits, monthly visits with biological parent(s), sibling visits, family assessments and assessments of progress and child health and education (CHET) screens
- Meet documentation and payment initiation requirements for accurate and timely entries into famlink
- Accomplish the overall goals of developing partnerships with families, focusing on practical everyday life tasks and promoting specific skills

According to the DCYF position description form, a Social Service Supervisor is responsible for the following (see PDF Page 9 at DCYF Kresse, Daniel position description 6-3-2024 3-46-00 PM for more details):

- Case Supervision
- Staff Development
- Staff Evaluation
- Clinical Supervision
- Meetings, Conferences, and other duties (as assigned)

The subject fills out a timesheet each day in the DCYF Leave tracker, where it also shows his time off. His supervisor Hieu Dang approves the leave tracker after reviewing the time entries. Ann pointed out that many of the subject's work hours are after-hours in the evening; however, his Thursday and Friday shifts may conflict with his shifts at DSHS based on initial review of his calendar, see Kresse, Daniel work schedule 8-8-2023 5-59-00 PM where on Thursdays his calendar displays a shift of 12pm to 11:59pm in June and July of 2023, and a shift of 4:00pm - 4:30am on Fridays. We will review his calendar along with his submitted timesheets at Identifying Improper Overlaps in Work Schedule and compare those work shifts with shifts claimed at DSHS to identify any overlaps in work schedule.

We spoke to Andrew Colvin, Ethics Officer at DSHS and reviewed the DSHS position description form at DSHS Position Description Form Psychiatric Social Worker for the position that the subject holds. The subject is employed as a Psychiatric Social Worker, which is a full-time and overtime exempt position. He

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works on site Monday, Tuesday, Wednesday and Friday and works remotely on Thursdays. The work location is Western State Hospital working 8 hour shifts 8am - 4:30pm. He is a salaried employee and overtime exempt, which normally wouldn't require any kind of daily time entry. However, we found that he did complete a time and attendance record within the DSHS Leave Tracker system from June 2020 until present day (see [RE DSHS Time Entries](#) for more communication on this). He will also submit leave requests for time off within Leave Tracker for approval.

Based on the DSHS position description form, a Psychiatric Social Worker's duties include: provide psychiatric social work services to patients in Psychiatric Treatment and Recovery Center; coordinate services between the hospital and the community in discharge planning; and work with minimal supervision of the Psychiatric Treatment and Recovery Center Social Work Manager. See more at [DSHS Position Description Form_Psychiatric Social Worker PDF Pg.2](#)

3. According to Andrew Colvin, it is common knowledge among the DSHS management chain that the subject works at DCYF as well as DSHS. DCYF was only recently made aware of this due to the subject's position at DSHS showing up in HRMS (as noted previously). We requested both DCYF and DSHS provide any existing outside employment policies and agreements signed by the subject.

DCYF provided the following outside employment policy: [DCYF Admin Policy 11.30 Outside Employment, Volunteering, and Honorariums](#) which states in part: *"Employees, interns, and work study students must request approval for outside employment, volunteering, and honorariums by: Completing the employee section of the Notification of Outside Employment form (follow link here for form: [03-023.pdf \(wa.gov\)](#)) within 30 days of their start date with DCYF.* Because the subject started working at DCYF after already being employed at DSHS, this is the requirement that should apply.

We noted that the original effective date of this policy was May 19, 2021 (after concurrent employment began); however, as stated in the policy, *"Employees, interns and work study students must review this policy within 30 calendar days from their start date, **and annually thereafter**".* We requested the completed Notification of Outside Employment form for the subject from Stefanie Niemela, DCYF Audit & Policy Liaison, and noted that DCYF found no evidence that the subject has ever submitted an outside employment form, other than a form submitted in 2017 for CHI Franciscan Health. However, upon further inquiry into the matter, HR Personnel at DCYF explained that because this employee is a non-permanent on-call position, he is exempt from this outside employment notification policy and related attestations, see [RE On-Call Employee Exemption](#). Part of the annual review process at DSHS requires employees to attest they are aware of the policy. We inquired with Stefanie Niemela about this annual attestation of policy review and noted the subject failed to complete these attestations in 2022 due to being exempt as noted previously. This represents a deficiency in controls as there are no other controls preventing non-permanent on-call employees from obtaining outside employment that potentially conflicts with their official duties without the knowledge of the Department.

DSHS provided the following outside employment policy: [DSHS-AP-18-18-Outside Employment](#) which states in part: *"New DSHS employees, interns, or volunteers holding outside employment must submit a completed notification of outside employment form (DSHS 03-023 - link provided within the policy) to their supervisor within 30 calendar days of entering DSHS employment".* Additionally, *"DSHS employees must notify their immediate supervisor of the employee's intent to gain outside employment using the notification of outside employment form. If currently engages in outside employment they must update and submit the outside employment form annually."* The subject gained employment with DCYF in November 2018 (after his employment with DSHS); therefore, he should have submitted an outside employment form once he intended to gain outside employment, and then updated the form annually based on the policy. We requested the completed Notification of Outside Employment form for the subject from Rick Meyer, DSHS External Audit Compliance Manager. DSHS provided two forms. We noted in our review of these outside employment forms that the subject filled out a notification of outside employment form in 2017 for CHI Franciscan health, as well as a form disclosing outside employment with DCYF see [DSHS_Outside Employment Form - Kresse 2023](#) on 11/08/2023.

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However, there is no record of any disclosure of this outside employment with DCYF prior to 11/8/2023; therefore, we conclude the subject did not follow DSHS policy no. 18.18 at DSHS-AP-18-18-Outside Employment due to the subject starting their employment with DCYF in December 2018.

4. We requested any policies related to work hours or core work hours from DCYF for the employee's position. The DCYF shift is an on-call after hours supervisory position, as such hours vary as well as location; therefore, no such policies are in place. We also requested the same from DSHS and received policy no. 18.28 at DSHS-AP-18-28-Internet-Official-2024 and noted from the policy: *"The appointing authority or designee must designate the workweek and work schedule for each employee in the employee's appointment letter or schedule change notice. The workweek for full-time employees is 40 hours in a 168 hour period. The standard workweek begins at 12:00 a.m. Sunday and ends at 11:59 p.m. Saturday. The standard work schedule is 8:00 a.m. to 5:00 p.m. Monday through Friday. The appointing authority may assign or reassign any employee or group of employees to a flex-time schedule as described in [WAC 357-28-230](#)."* We also noted that *"Employees will complete a time and attendance record in the time and attendance system (e.g., leave tracker), and provide leave requests to the supervisor for review, approval, and processing"*. As noted previously the subject's work schedule at DSHS is 8am - 4:30pm M-F.

Conclusion:

We have determined that the time period of concurrent employment is from 11/5/2018 (first day of first pay period) to the present day as the employee is still employed at both agencies. We also gained a general understanding of both positions the subject holds at these separate agencies, determined work schedule, time and leave reporting, and gained an understanding of related policies surrounding outside employment and disclosure of such outside employment. We concluded that the subject did not need to disclose his position with DSHS to DCYF as the outside employment policy at DCYF does not apply to non-permanent on-call employees (which the subject is); however, this also represents a deficiency in controls. We did however conclude that the subject did not follow DSHS outside employment policy as he did not disclose his employment with DCYF until November of 2023 (approximately 5 years after working at both agencies concurrently).

B.1.PRG - Investigation Procedures

Procedure Step: Identifying Improper Overlaps in Work Schedule

Prepared By: SS, 3/19/2025

Reviewed By: SRS, 6/25/2025

Purpose/Conclusion:

Purpose:

To complete investigation plan step procedures.

Source:

DCYF & DSHS F-23-364

Stefanie Niemela, DCYF Audit & Policy Liaison
Rick Meyer, DSHS External Audit Compliance Manager

Conclusion:

We reviewed available time entries of record dating back to June of 2020 and noted that from June 16, 2020, to August 11, 2024, the employee reported working 2,277.5 hours earning approximately \$113,254.10 in gross salary at DSHS. During the same period, the employee reported working 2,474 hours earning approximately \$126,515.36 in gross salary at DCYF. This called into question the veracity of his time reported worked and compensation at both locations.

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).

As such, we will issue an exit item to both agencies regarding the need to consider outside employment disclosures for the purpose of managing work schedules and flex time, see [EI_FD2023_DSHS_Outside_Employment](#) and [EI_FD2023_DCYF_Outside_Employment](#)

-

See [Summary of Conclusions](#) for all other conclusions reached during each step of the investigation.

Testing Strategy:

Expectations:

- Use SAOShare for receiving investigation files
- Use TeamMate to document your work
- Exercise good communication - keep your Manager and Team Fraud informed, regarding the status of the investigation and document dates in the fraud database activity log.
- Ensure your documentation is clear, concise, understandable, and relevant
- Ensure work is complete, well thought out, and timely

Guidance/Criteria:

Record of Work Done:

Step 1 Plan: Identifying Improper Overlaps in Work Schedule

Investigation Procedures:

1. Review work calendars (Outlook), approved work schedule, timesheets, and leave slips to identifying improper overlaps in work schedule.

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2. Develop conclusions and amount of wages attributable to overlaps in schedule.

Step 2 Procedures:

1. We obtained the DSHS Leave tracker report from DSHS showing all time entries and leave taken since 6/16/2020 at Testing: DSHS & DCYF Time Period Overlaps & Questioned Costs, as well as timesheets from DCYF dating back to November of 2018 at RE- Kresse, Daniel (20121379) Timesheets 2018-2024 (DCYF). We used this information to document any overlaps in time worked by the subject at DSHS and DCYF. Subject's DSHS timesheet is for the period of 6/16/2020 - 8/11/2024. There were no entries prior to 6/16/2020 (see more detail regarding no prior entries at RE DSHS Time Entries and in the following paragraph). The table in col. L - col. W at Testing: DSHS & DCYF Time Period Overlaps & Questioned Costs is auditor created to show time worked at DCYF on the same day as the time entry at DSHS. For each DSHS entry, we used the information at RE- Kresse, Daniel (20121379) Timesheets 2018-2024 (DCYF) to determine if the subject worked hours at DCYF on the same day, if so how many hours, whether those hours conflicted with hours worked at DSHS, and if so, the DCYF timecode used during those hours. Leave slip data was also provided on tab2 of Testing: DSHS & DCYF Time Period Overlaps & Questioned Costs.

The subject's DSHS time entries at Testing: DSHS & DCYF Time Period Overlaps & Questioned Costs only go back to June of 2020. Per DSHS's payroll department, "Daniel has been in OT Exempt positions since 2016. He was not required to make any entries for time worked. We do not know why he started making entries in July 2020. It does appear that he was changed from OT Exempt to OT Eligible and back to OT Exempt on a couple of occasions (see timeline at Summary of Concurrent Employment). We are not sure why this was done. At this time, we believe there was confusion on positions that were transitioned from OT Exempt to OT Eligible due to CBA changes. This was the timeframe the Psychiatric Social Workers could start claiming extra duty hours". However, we confirmed with DSHS and Rick Meyer, External Audit Compliance Manager that these time entries posted to HRMS are reflective of actual hours worked.

We noted 94 instances over this time period of 6/16/2020 - 8/11/2024 where the subject's time worked at DSHS and DCYF overlapped. Total overlapped hours were 94.5, meaning the subject was paid for a total of 189 hours ($94.5 * 2$) between the two agencies during these instances of overlap. We also noted 16 instances where the subject appears to have worked 23.5 - 72 hours straight between his shifts at DSHS and DCYF. While the overlaps during these instances of straight time worked exceeding 23 hours are usually limited to 0.5 hours, the documented schedule appears infeasible. We will ask questions regarding this schedule at Communications and Interviews. The timecode used at DCYF during the instances of overlap was 1200, used for regular hours worked for part-time, on-call employees. Timecode 1270 is to be used for stand-by OT exempt hours (see all other timecodes on tab1 of Testing: DSHS & DCYF Time Period Overlaps & Questioned Costs) The "Wage type" used for DSHS during these instances of overlap differ and include the following:

- Regular Hours Worked (Full time/salary) - 8 hours
- Extra Hours Worked - 48 hours
- On-site 24/7 Premium Pay - 38.5 hours

We also obtained a history of HRMS pay rate information for the subject at DSHS and DCYF to determine the wage rate at each agency during the times of overlap, see tab5 of Testing: DSHS & DCYF Time Period Overlaps & Questioned Costs. We then quantified the amount of wages paid attributable to these overlapped time periods. We also quantified the amount of questionable costs for periods where the subject appeared to work 23.5-72 hours straight. See table below (information from Tab1 of Testing: DSHS & DCYF Time Period Overlaps & Questioned Costs):

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DSHS Overlap Wages	DCYF Overlap Wages	Total Overlap Wages
4,567.19	4,525.68	9,092.87
DSHS Questionable Costs:	DCYF Questionable Costs:	Total Questionable Costs
8,772.73	22,372.92	31,145.65

Following our analysis of the time entry data above, we met with the subject Daniel Kresse on 3/4/2025 after meeting with his supervisors at both agencies. See interview and documented answers to our questions at [Interview Questions & Responses Daniel Kresse](#) The following summarized the key takeaways from this interview:

- Admitted to not accurately documenting his time entry at DSHS due to the use of flex time (starting the DSHS shift early and ending early). Also admitted to not communicating flex time with supervisor adequately, but maintains that he is compensating appropriately for the flex time (only leaving early if he started early).
- Regarding the overlaps in work schedule, it can primarily be explained by the use of flex time. There were some instances of overlap that go beyond a half hour; however, subject explained that due to entering his time at the end of the pay period, some entries were entered inaccurately, despite both shifts being worked.
- Subject acknowledged that he can do a better job at entering time accurately and communicating flex time and that he would do a better job at entering time each day rather than at the end of the pay period to ensure hours are accurately documented and don't appear to conflict (accounting for flex time). Also mentioned that he would communicate to his supervisor when he is flexing his schedule as this has previously not been communicated, although allowable.

Conclusion:

We reviewed available time entries of record dating back to June of 2020 and noted that from June 16, 2020, to August 11, 2024, the employee reported working 2,277.5 hours earning approximately \$113,254.10 in gross salary at DSHS. During the same period, the employee reported working 2,474 hours earning approximately \$126,515.36 in gross salary at DCYF. This called into question the veracity of his time reported worked and compensation at both locations.

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). we will issue an exit item to both agencies regarding the need to consider outside employment disclosures for the purpose of managing work schedules and flex time, see [EI FD2023 DSHS Outside Employment](#) and [EI FD2023 DCYF Outside Employment](#)

B.1.PRG - Investigation Procedures

DCYF & DSHS F-23-364

Procedure Step: Communications and Interviews
Prepared By: SS, 3/19/2025
Reviewed By: SRS, 5/27/2025

Purpose/Conclusion.:

Purpose:

To document interviews conducted during our investigation.

Source:

Stephanie Waterman, DSHS Supervisor of Daniel Kresse
Hieu Dang, DCYF Supervisor of Daniel Kresse
Daniel Kresse, Subject

Conclusion:

See Key takeaways from each interview in ROWD below.

See Summary of Conclusions for all other conclusions reached during each step of the investigation.

Testing Strategy.:

Consult with the Special Investigations Program Manager on whether interviews need to be conducted and, if so, the timing, nature of the questions, and who will lead the interviews.

Document interviews conducted. If the entity conducted interviews, get a copy of the notes or records.

Guidance/Criteria.:

ADDITIONAL BACKGROUND

Auditors should consider the following background information and resources when performing work on this area.

SAO Audit Policy [1410](#) - Fraud Investigations

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Record of Work Done:

Procedures:

During the course of our investigation, we documented various communication with the entity and other parties, as applicable in the communications log here: [Communication log](#). We also documented all requests, response times, and relevant notes regarding requests at [Request Tracker](#).

During SAO's investigation, interviews were conducted by SAO with the following:

- Stephanie Waterman, DSHS Psychiatric Social Worker 4 (DSHS supervisor for the subject). Interview was conducted on 2/3/2025. See [Interview Questions & Responses DSHS Supervisor](#) for questions asked and responses.
- Hieu Dang, DCYF Area Administrator (DCYF supervisor for the subject). Interview was conducted on 2/3/2025. See [Interview Questions & Responses DCYF Supervisor](#) for questions asked and responses.
- Daniel Kresse (subject). Interview was conducted on 3/4/2025. See [Interview Questions & Responses Daniel Kresse](#)

Key takeaways from the interviews conducted with the supervisors include the following:

DSHS Supervisor, Stephanie Waterman:

- Subject performs work on-site with remote work 1 day a week. The remote day is scheduled (subject's remote day is Tuesday); however, the scheduled remote day is subject to change based on need and tasks that must be completed on that day.
- Supervisor interacts with subject during on-site days and he has always arrived in person when called upon during his on-site shift.
- Supervisor has never had any complaints or concerns regarding not showing up for work on time, not completing required tasks, poor quality/incomplete work, etc. He never appears outwardly tired or exhausted.
- Supervisor was aware of subject's other job at DCYF and that it was remote work, after hours on-call in the evening.
- Supervisor did not have an explanation for why his hours are overlapping between DSHS and DCYF. She confirmed once more that his DSHS shift does not end until 4:30pm; however she does not know if he's leaving his DSHS shift early or if he's missing the first half hour of his DCYF shift, which starts at 4:00pm.
- Supervisor did not have an explanation on how he would respond to DCYF on-call work if still on shift at DSHS during instances of overlap.

DCYF Supervisor, Hieu Dang:

- Subject is on-call after hours supervisor, submits normal DCYF timesheet that gets approved by supervisor. Code 1200 is for their regular hours. Code 1270 is used for standby.
- During their shift they are expected to always be available to process and assign intakes, complete program duties and review work. Down time is expected in this role; however, they are not permitted to sleep.
- Supervisor says that ideally there are two shifts, one evening shift until midnight and a graveyard shift from midnight to 4am. Supervisor noted they did not have a separate supervisor to cover graveyard shift until recently

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- Supervisor partially relies on HR time and attendance to ensure that supervisors are not working too much; however he's unsure if they take into consideration his other position at DSHS (likely not)
- Supervisor does not have concerns regarding subject not showing up for work on time, not completing required tasks, poor quality/incomplete work, etc. Supervisor also typically checks in with all after hours supervisors at the beginning of each shift and when needed will monitor intake to ensure they are being assigned and processed. He has not noticed anything that would suggest the subject is not doing his work duties.
- Supervisor is aware of his day time job at DSHS and mentioned that both his on-call after hours supervisors have day jobs.
- There was one instance a couple years ago where DSHS discovered the subject sending emails about DCYF work during his shift at DSHS and he was told not to do that anymore.
- Supervisor did not have an explanation for overlaps in his time between DSHS and DCYF and said these shouldn't exist.
- Supervisor is less concerned with the continuous shifts where subject is essentially working 24-72 hours straight as supervisor mentioned there is down time in this role; however, as mentioned previously, they are not allowed to sleep during their shift.

Subject, Daniel Kresse:

- Work schedule, duties, employment time line, and process surrounding time entry and approval agree to information we have reviewed and spoke to supervisors about.
- Admitted to not accurately documenting his time entry at DSHS due to the use of flex time (starting the DSHS shift early and ending early). Also admitted to not communicating flex time with supervisor adequately, but maintains that he is compensating appropriately for the flex time (only leaving early if he started early).
- Regarding the overlaps in work schedule, it can primarily be explained by the use of flex time. There were some instances of overlap that go beyond a half hour; however, subject explained that due to entering his time at the end of the pay period, some entries were entered inaccurately, despite both shifts being worked.
- Subject acknowledged that he can do a better job at entering time accurately and communicating flex time and that he would do a better job at entering time each day rather than at the end of the pay period to ensure hours are accurately documented and don't appear to conflict (accounting for flex time). Also mentioned that he would communicate to his supervisor when he is flexing his schedule as this has previously not been communicated, although allowable.

B.2.PRG - Concluding Procedures

Procedure Step: Reporting
Prepared By: SS, 6/25/2025
Reviewed By: CMB, 8/14/2025

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Purpose/Conclusion.:

Purpose/Conclusion:

To determine and document our reporting of the investigation results.

Testing Strategy.:

Investigators are responsible for reviewing any work performed by auditors. Prior to deciding level of reporting, documentation must be reviewed by Team SI.

It is often helpful to **Brainstorm** with Team SI on how to frame the investigation report. Considerations include:

- How to best “tell the story” in the report
- The status of employment of the individual
- Work performed by the entity or external parties
- How the fraud was detected
- Any agreed-upon restitution including the cost of the investigation
- The length of the fraud

Attach the final reports in TeamMate.

Guidance/Criteria.:

ADDITIONAL BACKGROUND

Auditors should consider the following background information and resources when performing work on this area.

SAO Audit Policy [1410](#) - Fraud Investigations

Record of Work Done.:

Auditor procedures:

We brainstormed with the Special Investigations Program Manager and determined to report our results we would issue an exit recommendation to both agencies.

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See final approved exit recommendations sent to the agencies on 6/25/2025 at [EI_FD2023_DSHS_Outside Employment](#) and [EI_FD2023_DCYF_Outside Employment](#) to the TeamMate file.

The Exit recommendation was attached to the fraud database outcome tab.

B.2.PRG - Concluding Procedures

Procedure Step: Exit Conference
Prepared By: SS, 6/25/2025
Reviewed By: CMB, 8/14/2025

Purpose/Conclusion.:

Purpose/Conclusion:

To communicate the results of our investigation with the client.

Testing Strategy.:

Conduct an exit conference with the client to discuss the approved draft report – this may be in person or via video call or phone. Depending on significance, other attendees may include the Special Investigations Program Manager and Audit Manager. Document the following:

- Where the meeting was held or if it was conducted via video call or phone
- When the meeting was conducted
- Who attended the meeting
- Significant discussion points

If a exit recommendation will be issued, a formal exit conference is not required; instead, contact the client to discuss the results of our investigation with them before giving/sending the letter. Just a reminder, it is a best practice to use SAOShare to send the draft reports or deliver in person. Document this communication including who, when, and any significant discussion points.

Guidance/Criteria.:

ADDITIONAL BACKGROUND

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Auditors should consider the following background information and resources when performing work on this area.

SAO Audit Policy [1410](#) - Fraud Investigations

Record of Work Done.:

Exit Conference:

We did not issue a full report for this case. We determined that issuing an exit item for the identified issues was most appropriate. As such, we did not hold a formal exit conference for the investigation. Rather, we provided the exit item to both agencies on 6/25/2025 and informed them that we are willing to discuss any of the contents within the recommendation in a separate meeting. We also informed them that we will be referring this case to the WA State Executive Ethics Board.

B.2.PRG - Concluding Procedures

Procedure Step: Quality Control Assurance Certification

Prepared By: SS, 5/14/2025

Reviewed By: CMB, 8/14/2025

Purpose/Conclusion.:

Purpose/Conclusion:

To certify adherence to the expectations set forth by the Audit Policy Manual.

Testing Strategy.:

This step must be signed-off by the Investigator and Audit Manager.

Guidance/Criteria.:

ADDITIONAL BACKGROUND

Auditors should consider the following background information and resources when performing work on this area.

SAO Audit Policy [3430](#) - Quality Assurance Certification

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Record of Work Done:

I certify the following expectations were met and Audit Policies that are common to all types of SAO engagements:

1. I am independent and exercised objective and impartial judgment on all issues associated with conducting this investigation and reporting on the results. *Audit Policy 3110 - Independence and Ethics*
2. I used reasonable care and professional skepticism throughout this investigation. *Audit Policy 3130 – Professional Judgment*
3. Work was performed by staff who collectively possesses adequate professional competence. *Audit Policy 3140 – Competence and CPE*
4. Assistants on the investigation were informed of their responsibilities and objectives of the procedures they were to perform, and their work was reviewed to ensure it was properly performed and documented. *Audit Policy 3160 – Supervision and Review*
5. Documentation, including any evidence maintained in a paper file, was reviewed and coaching notes were resolved. *Audit Policy 3160 – Supervision and Review*
6. Work was sufficiently documented to enable a knowledgeable person, who has had no previous connection with the investigation, to ascertain that the information collected and the work performed support significant judgments and conclusions. *Audit Policy 3310 – Standards for Documentation*

Issues

ISS.2 - EI_FD2023_DCYF_Outside Employment

<i>Prepared By:</i>	SS, 6/25/2025	<i>Issue</i> Exit Recommendation Department of Children, Youth, and Families Investigation Period: November 1, 2018 - August 15, 2024 We are providing the following exit recommendation for management's consideration. We may review the status of the following exit item in our next audit.
<i>Reviewed By:</i>	CMB, 8/14/2025	
<i>Type:</i>	Fraud	
<i>Category:</i>	Payroll/Personnel	

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<p><i>Reporting Level(s):</i> Exit Item</p> <p><i>Impact</i></p> <p><i>Cost Savings:</i></p> <p><i>Questioned Costs:</i></p>	<p>Time Reporting and Outside Employment</p> <p>Both DSHS and DCYF utilize a leave tracker and timekeeping system to record time worked and leave taken. Human Resources for the agencies are responsible for ensuring that employees are not working beyond their limit. Both agencies require disclosure from its employees of any outside employment.</p> <p>We identified a Psychiatric Social Worker at DSHS who held secondary employment as a Social Service Supervisor (formerly known as a Social Service Specialist until 7/1/2019) at DCYF during the period November 2019 to present day. We further noted the following:</p> <ul style="list-style-type: none">• At DSHS the employee's typical work schedule was 40 hours per week on site Monday through Wednesday and Fridays from 8am to 4:30pm while working remotely on Thursdays. At DCYF the employee works remotely as an on-call after-hours supervisor where shifts vary and occur during the week and weekend.• We reviewed available time entries of record dating back to June of 2020 and noted that from June 16, 2020, to August 11, 2024, the employee reported working 2,277.5 hours earning approximately \$113,254.10 in gross salary at DSHS. During the same period, the employee reported working 2,474 hours earning approximately \$126,515.36 in gross salary at DCYF. This called into question the veracity of his time reported worked and compensation at both locations.• 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). <p>Internal control weaknesses at both agencies allowed the questionable time reporting and compensation paid to occur. The agencies did not give adequate consideration to the amount of hours being reported as worked by the individual, due to not considering their outside employment.</p> <p>We recommend the agencies ensure that when employees disclose outside employment, they take the outside employment work hours and schedules into consideration when determining work schedules to ensure time reported by employees is appropriate and does</p>
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	<p>not pose any conflicts with the agency.</p> <p>We will refer this case to the Washington State Executive Ethics Board for any further action it determines necessary.</p>
NOTES	
Exit recommendations sent to both agencies on 6/25/2025	
ISS.1 - EI_FD2023_DSHS_Outside Employment	
<p><i>Prepared By:</i> SS, 6/25/2025</p> <p><i>Reviewed By:</i> CMB, 8/14/2025</p> <p><i>Type:</i> Fraud</p> <p><i>Category:</i> Other</p> <p><i>Reporting Level(s):</i> Exit Item</p> <p><i>Impact</i></p> <p><i>Cost Savings:</i></p> <p><i>Questioned Costs:</i> \$0.00</p>	<p><i>Issue</i></p> <p style="text-align: center;">Exit Recommendation Department of Children, Youth, and Families Investigation Period: November 1, 2018 - August 15, 2024</p> <p>We are providing the following exit recommendation for management's consideration. We may review the status of the following exit item in our next audit.</p> <p>Time Reporting and Outside Employment</p> <p>Both DSHS and DCYF utilize a leave tracker and timekeeping system to record time worked and leave taken. Human Resources for the agencies are responsible for ensuring that employees are not working beyond their limit. Both agencies require disclosure from its employees of any outside employment.</p> <p>We identified a Psychiatric Social Worker at DSHS who held secondary employment as a Social Service Supervisor (formerly known as a Social Service Specialist until 7/1/2019) at DCYF during the period November 2019 to present day. We further noted the following:</p> <ul style="list-style-type: none"> At DSHS the employee's typical work schedule was 40 hours per week on site Monday through Wednesday and Fridays from 8am to 4:30pm while working remotely on Thursdays. At DCYF the employee works remotely as an on-call after-hours supervisor where shifts vary and occur during the week and weekend. We reviewed available time entries of record dating back to June of 2020 and noted that from June 16, 2020, to August 11, 2024, the employee reported working

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	<p>2,277.5 hours earning approximately \$113,254.10 in gross salary at DSHS. During the same period, the employee reported working 2,474 hours earning approximately \$126,515.36 in gross salary at DCYF. This called into question the veracity of his time reported worked and compensation at both locations.</p> <ul style="list-style-type: none">• 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). <p>Internal control weaknesses at both agencies allowed the questionable time reporting and compensation paid to occur. The agencies did not give adequate consideration to the amount of hours being reported as worked by the individual, due to not considering their outside employment.</p> <p>We recommend the agencies ensure that when employees disclose outside employment, they take the outside employment work hours and schedules into consideration when determining work schedules to ensure time reported by employees is appropriate and does not pose any conflicts with the agency.</p> <p>We will refer this case to the Washington State Executive Ethics Board for any further action it determines necessary.</p>
NOTES Recommendations sent to both agencies on 6/25/2025	