

Washington State Auditor's Office
 Audit Reports Disclosing Fraud ~ Cases over \$5,000
 January 1, 2006 Through December 31, 2006

Entity Name	Audit Number	Amount	Detection Method	Fraud Description
Skagit Valley Community College (Missing Bank Deposit)	6479	\$47,330	4	The College reported that a cashier's deposit totaling \$47,330 was never received by the bank (\$10,657 in currency and \$36,673 in checks). Customers were asked to cancel their original checks and reissue new ones to the College to minimize the loss amount. There was no fixed responsibility for this loss.
Town of Ruston – Municipal Court (Cash Receipts)	70128	\$18,443	5	The Court Clerk misappropriated \$18,443 from citation fines and fees for over a year and destroyed all manual cash receipt books and computer cash reports to conceal the irregularities. The Town and the Office of the Administrator for the Courts were unable to reconstruct the accounting records. We subsequently found accounting copies of certain manual cash receipt forms and a contemporaneous log book the Court Clerk maintained to record the check and cash composition of certain Court cash receipt transactions. The Court Clerk misappropriated customer payments made in currency, and bank deposits were made in amounts less than what was recorded in the computer accounting records.
Lake Stevens School District (Theft of Assets)	Letter	\$26,027	4	A teacher overheard a High School student boasting about selling equipment on e-Bay. The teacher went on-line and found that the student was selling assets that had been stolen from the District. This suspicious activity was reported to the police who recovered over 100 items from the student's home and seized \$2,297 from his personal bank account. The student had a master key to school doors and possessed knowledge about how the alarm system worked. He misappropriated projectors, high-end calculators, and other District-owned property. The District had to re-key all school doors at a cost of \$28,820.
Western Washington University – Business and Financial Affairs Department Main Cashier (Cash Receipts)	6540	\$88,173	1	After receiving reports from two citizens that private, scholarship funds had not been applied to student's accounts, the University determined that a Supervisory Cashier misappropriated \$82,703 from private, student scholarship funds and Library funds for 3.5 years using a check for cash substitution scheme involving the University's daily bank deposits. The employee also processed accounting entries eliminating accountability for revenue (\$1,687). In addition, the employee cashed checks out of cash receipts and then failed to redeem them when they were returned for insufficient funds by the University's bank (\$3,783). Additional losses potentially occurred in this case for private, student scholarship checks where the University was unable to determine if the checks were receipted into the accounting system (\$27,650) and additional employee checks that were cashed but not included in the daily bank deposit (\$1,904). The University filed a loss claim for these unproved amounts with its insurance carrier.
Washington Asparagus Commission (Cash Disbursements and Credit Card Abuse)	6549	\$36,102	4	The Commission contracts with a firm to conduct its bookkeeping and administrative services. The contractor's bookkeeper misappropriated funds from the Commission by circumventing its internal controls over disbursements. The bookkeeper forged signatures on checks to make payments to herself and for other personal purposes. She also made unauthorized credit card purchases for personal benefit. During an interview with the contractor, the bookkeeper admitting

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				misappropriating funds from both the Commission and from the contractor's private business.
Everett Public Facilities District – Everett Events Center (Funds and Merchandise Sales)	71182	\$146,197	4	An employee of the contractor for the Everett Events Center diverted \$41,250 in cash to be advanced to event promoters to her own personal bank account in a sophisticated cash skimming scheme. She then made false accounting entries in the Center's accounting records in an attempt to conceal the irregular activity. She also misappropriated \$104,947.24 in funds from merchandise sales from events held at the Center. Unusual accounting procedures caused the contractor to review its operations in Everett and detect this loss. Instead of using the contractor's accounting procedures and computer system, the cashier instead prepared spreadsheets for the contractor to document the Center's financial activity, a major deviation from the contractor's policies and procedures.
Washington State Potato Commission (Credit Card Abuse)	Report	\$8,535	4/5	The former Executive Director of the Commission falsified cash disbursement transactions charged on the Commission's credit card in order to pay for travel expenses of his family, make cash advances using the credit card, and purchase items from vendors for his own personal benefit.
City of Mt. Vernon – Parks and Recreation (Cash Receipts)	71274	6,320	4	The City reported that the lead accounting technician in the Parks and Rec Department had falsified accounts receivable reports and misappropriated approximately \$8,500 in revenue from classes. Her employment was terminated for falsifying documents. She had complete control of the transactions, she registered people in classes, receipted the money and issued receipts, and prepared daily reports.
Snohomish County – Evergreen Court (Theft of Deposit)	Letter	7,094	4	The County notified us that there was a theft of a bank deposit from a safe at the Evergreen Court (\$7,094) from January 20, 2006. The police report determined a member of the janitorial staff was responsible for this loss.
City of Seattle – Parks and Recreation Department (Payroll)	Mgt Letter	7,358	4	The City determined that an employee falsified time sheets to obtain pay for hours not worked. The City entered into a restitution agreement with the individual to recover the overpayment in which they agreed not to refer the case for prosecution. This does not apply to SAO. The City informed us it has received full restitution including audit costs from the individual.
City of Seattle – Seattle Center (Purchasing Abuse)	Mgt Letter	8,000	4	The City determined that a manager purchased sound equipment valued at \$7-8,000 for his own personal benefit. The assets were ordered, delivered, received and were missing. The City hired a private investigator and the employee admitted having the missing assets.
Thurston County Fire Protection District No. 13 – Griffin Fire Department (Cash Disbursements)	72047	169,262	4	The fire chief reported that the district secretary misappropriated at least \$11,000 by depositing district monies into her own account based on cancelled warrants received at the district. The secretary had worked for the district for 15 years. She was arrested and subsequently fired.
State Agencies and Local Governments (37 Cases) – Summary of All Cases Less than \$5,000	Various	42,870	Various	Losses include: Shortages from missing cash receipts (\$25,043), Theft of change funds and cash deposits (\$3,784), credit card abuse (\$183), travel abuse (\$1,902), disbursements (\$3,025) theft of assets (\$2,335), payroll (\$3,620), parking validation abuse (\$2,728), missing client trust funds (\$250) and missing drugs (\$0).

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	Reports	Amount	Cases	Detection Methods:
State Agencies	4	\$47,962	4	1 = Citizen/Whistleblower
Colleges and Universities	4	\$143,032	12	2 – Police Report
Local Governments	25	\$420,717	33	3 = Entity Internal Auditor
Total 2006 Fraud Audit Reports	33	\$611,711	49	4 = Entity Management
				5 = State Auditor