

Status of Resolution of Reported Fraud Findings

December 2010

Department of Transportation (DOT)**Agency: 405**

Audit Report:	1003105
Finding Number:	001
Finding:	Employee misappropriated \$78,763. Employee circumvented internal controls to falsify official time-keeping records and used a state purchase card for personal benefit.
Fraud Amount:	\$78,763
Recovery to Date:	\$0
Resolution/Status:	<p>The Department began its internal investigation into this matter immediately upon learning of alleged misappropriation of funds, and reported the matter to the Washington State Patrol (WSP) and the State Auditor's Office (SAO). The Department's Internal Audit Office coordinated its investigation with WSP, providing the results for action as deemed necessary. SAO agreed with the results of the Department's internal investigation.</p> <p>The Department took the following steps to resolve the finding and improve controls over payroll and purchase card use:</p> <ul style="list-style-type: none"> • Modified the Labor Distribution System so it no longer allows access to a person's own labor records for original entry or updating. • Communicated the issues noted in the report for the Olympic Region (segregation of duties, adequate supervisory oversight, and/or compensating control) to the appropriate senior executives and to all appropriate region and headquarters staff, to help ensure internal control procedures in place for payroll and purchase cards are followed throughout the Department.
Criminal Action Taken:	WSP forwarded this matter to the County Prosecutor. The former employee pled guilty to 3 counts of theft in the first degree and recently started serving a nine-month sentence in the Pierce County jail. In addition, the Department filed a civil action against the former employee for restitution. The Department received a restitution agreement from the former employee for \$91,879, which included restitution of misappropriated funds, investigation costs, and attorney fees.
Personnel Action Taken:	The employee resigned.
Amount to be Recovered:	\$91,879 (Includes loss amount, investigation costs, and attorney fees)
Agency Contact:	<p>Bill Ford Department of Transportation PO Box 47400 Olympia WA 98504-7400 (360) 705-7400 fordb@wsdot.wa.gov</p>