VIGNETTES—Fraud Conducted by Executive Branch State Employees in FY 2015-2016

1. The internal audit department of a state agency conducting a routine audit of an unrelated matter identified an executive administrative assistant illegally purchasing electronic products with agency funds and converting these to personal use. The employee was terminated and charged with Breach of Trust, Fraudulent Intent. Total fraud loss identified: $216,164.00.

2. A co-worker at a state agency identified an agency supervisor engaged in an alleged conflict of interest by attempting to award a contract on a minor construction project to a limited liability corporation formed by the employee's spouse. Prior to the payment of any funds to the company, the project was halted by the state agency and the employee was terminated for improper conduct. Total fraud loss identified: $0.00.

3. The procurement services department of a state agency identified abnormal acquisition patterns by a regional office and referred the matter for further review by the compliance department to determine the legitimacy of the acquisitions. This secondary review identified an area supervisor who utilized her position to procure agency work for her brother, who is a statewide approved vendor. False documentation was submitted in support of the vendor's work. The investigation is currently pending. Total fraud loss identified: $5,600.00.

4. An internal review of purchase card statements conducted by a state agency identified an employee who misused a purchase card for personal use. Total fraud loss identified: $190.00.

5. The SIG referred a co-worker complaint on an unrelated matter to a state agency for further review. During the course of this review it was determined that three employees submitted false invoices to cover the cost of unauthorized equipment purchases which were subsequently converted to their own use. The employees were terminated from employment and subsequently arrested. Total fraud loss identified: $10,000.00.

6. The SIG referred a co-worker complaint on an unrelated matter to a state agency for further review. During the course of this review it was determined that two employees altered payroll documentation and purchased electronic items for personal use with the stolen funds. The employees were terminated from employment and subsequently arrested. Total fraud loss identified: $28,500.00.

7. A co-worker at a state agency reported on a scheme conducted by three supervisory level employees of the state agency, along with a fourth individual, who engaged in a six-year long contract fraud and kickback scheme. The principal subject created shell corporations which the employee was able to steer contract work to, through which public funds were funneled. Funds were then syphoned off for the benefit of the four individuals. The four individuals were arrested and awaiting trial. Total fraud loss identified: $400,000.00.

8. A routine audit by the procurement office of a state agency identified a procurement card fraud by a single employee, who inappropriately charged $55,214.83 on a state procurement card over the course of 3 years. While internal controls were in place to reconcile purchases and monthly statements, the breakdown occurred when the supervisor trusted the employee and did not thoroughly review statements before signing off. When new departmental guidelines for receipts were implemented the subject employee was the last one to comply with the new guidelines and undertook steps to alter or obscure the receipts. The employee was subsequently arrested. Total fraud loss is $55,214.83.

VIGNETTES—Fraud Conducted by Executive Branch State Employees in FY 2015-2016

9. A customer complaint led to identification of an embezzlement scheme by a single employee. The employee embezzled $11,600.00 through converting cash payments from customers, and then was able to manipulate computerized records to conceal the cash diversion. The former employee was criminally charged and subsequently plead guilty to embezzlement of public funds. Total fraud loss is $11,600.00.

10. A co-worker identified the embezzlement of $260 by the employee responsible for petty cash, which was discovered when another employee accessed petty cash when the subject on was leave. The former employee has been criminally charged and is awaiting trial. Total fraud loss is $260.00.

11. A supervisor's suspicions led to identifying an IT employee who engaged in a two-year long purchase card scheme by purchasing electronic and other personal items through Amazon, and submitting false Amazon receipts to make it appear the items were for use in the agency's IT department. Total fraud loss is $125,000.00.

12. A federal agency routine audit of federal grants to a state agency identified two director-level employees engaging in an embezzlement scheme by submitting fraudulent documentation. Both individuals were charged in federal court and subsequently convicted. Total fraud loss was $336,000.00.