



INSPECTOR GENERAL REPORT

2013-03-0064

March 27, 2014

IACCRR CONTRACTOR FRAUD

Inspector General Staff Attorney Jennifer Cooper, after an investigation by Special Agent Darrell D. Boehmer, reports as follows:

In February of 2013, the Office of the Inspector General (“OIG”) received information from the Indiana Family and Social Services Administration (“FSSA”) alleging that a former employee (“Respondent”) of the Indiana Association for Child Care Resource and Referral (“IACCRR”), an FSSA contractor, had embezzled funds through her position as IACCRR’s Fiscal Director. IACCRR receives state and federal funding through a grant from the FSSA. Special Agent Boehmer was assigned to investigate and conducted the investigation jointly with FSSA Internal Affairs Investigator David Brown and Special Agent Steve Sidebottom of the Office of Inspector General for the United States Department of Health and Human Services.

Respondent had been employed with IACCRR from May 17, 2010, and had been serving as Fiscal Director until she was discharged on February 11, 2013. As Fiscal Director, Respondent oversaw all of the financial operations of IACCRR and her responsibilities included maintaining payroll and benefits,

maintaining the general ledger, asset management, accounts receivable and billing, accounts payable, cash disbursement, financial statement processing, bank statement reconciliation, reconciliation of sub-ledgers, and external reporting of financial information.

As part of her job duties as Fiscal Director Respondent was responsible for paying invoices received from vendors for services provided through checks issued from IACCRR's JP Morgan Chase ("Chase") bank account. Based on information obtained through witnesses, records and documents, Special Agent Boehmer determined that on or about June 27, 2011, Respondent used her position and ability to write a check on behalf of IACCRR, made payable to herself in the amount of One Hundred Ninety Dollars and 08/100 (\$190.08). However, Respondent had access to and oversight of the IACCRR QuickBooks system and she entered the check number and amount as being paid to an IACCRR vendor.

Respondent repeated this course of action, writing checks made payable to herself but recording them as paid to vendors in the QuickBooks system, continuously through the date IACCRR terminated her employment on February 11, 2013. These actions were first discovered by the IACCRR Executive Director on or around February 5, 2013, when the IACCRR telephone services were disconnected for lack of payment. Respondent informed the Executive Director that she had issued a check to the telephone company, but that the company had apparently credited the wrong account. However, upon contacting Chase, the Executive Director discovered that the check reported by Respondent

as payment to the telephone company had actually been made payable to Respondent.

A comparison of bank records, including cancelled checks obtained through Chase and the IACCRR QuickBooks check ledger, completed by IACCRR's Fiscal Compliance Officer, showed eighty-eight (88) checks were made payable to Respondent but logged in the check ledger as being paid to different vendors. The total amount of the eighty-eight (88) checks was One Hundred Ninety-Eight Thousand Eight Hundred Forty-Eight Dollars and 61/100 (\$198,848.61).

In addition to the checks made payable to Respondent but posted in the IACCRR QuickBooks system under various vendors' invoices, checks made payable to Respondent and recorded as being paid to Respondent in QuickBooks were also discovered. There were twenty-seven (27) such checks issued to Respondent between May 12, 2011 and February 4, 2013 totaling Nine Thousand Five Hundred Sixty-Eight Dollars and 13/100 (\$9,568.13). No expense records or travel records justifying these payments were discovered in IACCRR's files. These checks bore the signature of IACCRR's Executive Director, who advised during an interview with Special Agent Boehmer on April 26, 2013, that the signature on the checks was not hers though there was a signature stamp of her name accessible by Respondent and others in the office. In addition, Special Agent Boehmer discovered an additional five (5) checks, totaling Four Thousand Five Hundred Ninety-Three Dollars and 45/100 (\$4593.45), made payable to Respondent which had not been logged in QuickBooks.

On March 28, 2013, Special Agent Boehmer, Special Agent Charles Coffin, and FSSA Investigator David Brown executed a search warrant at Respondent's residence. Before executing the warrant, Special Agent Boehmer spoke with Respondent about her position at IACCRR. Respondent confirmed that she possessed the authority to write checks on behalf of IACCRR, but that others within the organization, including the Executive Director and the Fiscal Compliance Officer, also possessed this authority. Respondent also advised that there were signature stamps with her name and the Executive Director's name available to everyone in the office. Respondent informed Special Agent Boehmer that she did receive payments through checks for travel and other expenses and that the Executive Director would direct her to write checks to herself so that she could cash them to pay for office items, such as meeting refreshments, and so that the office would have petty cash available. When asked by Special Agent Boehmer to review some checks, Respondent cooperated with the search of her residence per the search warrant and provided Special Agent Boehmer with a check deposit slip for her bank account.

On April 9, 2013 Special Agent Boehmer issued a subpoena to Chase to obtain tracking information on Eighty-eight (88) of the suspect checks totaling \$198,848.61, that were made payable to Respondent but listed in QuickBooks as being made payable to various IACCRR vendors. These checks, originating from the IACCRR account, were found to have been cashed or deposited into Chase accounts in the name of Respondent. The bank records identified all of these transactions as being completed by Respondent or listed her Indiana driver's

license number.

Special Agent Boehmer conducted interviews on April 26, 2013 and May 1, 2013 with IACCRR's Fiscal Compliance Officer, who had been Respondent's direct subordinate. The Fiscal Compliance Officer advised that Respondent instructed him to alter invoices, provided falsified financial reports to the Executive Director to present to the IACCRR Board of Directors, paid herself an extra payroll payment on at least one occasion, and provided herself with multiple reimbursements for the same mileage traveled.

The Fiscal Compliance Officer also advised Special Agent Boehmer that when he was distributing payroll stubs in December 2012, he noticed that Respondent had two stubs and that Paychex, the company that processed IACCRR paychecks, had called him regarding Respondent paying herself twice. When he informed the Executive Director about the double paycheck, she told him that Respondent had probably paid herself for unused vacation time and did not look into the matter any further.

Special Agent Boehmer subpoenaed records from Paychex containing the payroll records of Respondent, including payroll registers and deposit reports. According to these records, Respondent received two paychecks on December 12, 2012. Both paychecks were in the gross amount of Three Thousand Thirty-Two Dollars and 04/100 (\$3,032.04). The payroll records show that Respondent had already received One Thousand Five Hundred Sixteen Dollars and 02/100 (\$1,516.02) in vacation pay on the November 16, 2012 payroll deposit.

In January 2013, during IACCRR's annual audit, the auditor requested

certain invoices as part of their 2012 audit and Respondent submitted the requested invoices to the auditor via an email sent on January 30, 2013. Several of these invoices were identified as forged documents by the individuals and companies Respondent had represented as providing the invoices.

This case was presented to the Marion County Prosecutor's Office and criminal charges were filed against Respondent. Respondent was charged with thirty-three (33) counts of Forgery, a Class C Felony and one (1) count of Theft, a Class C Felony. Accordingly, this investigation is closed.

APPROVED BY:

/s/ David O. Thomas, Inspector General