

**INVESTIGATIVE REPORT**  
**OF**  
**ALLEGED THEFT OF PETTY CASH FUNDS**  
**ANIMAL WELFARE DEPARTMENT**  
**REPORT NO. 07-203**



**City of Albuquerque**  
**Office of Internal Audit and Investigations**

Animal Welfare Department – Investigation  
Alleged Theft of Petty Cash Funds  
Report No. 07-203  
Executive Summary

**CONFIDENTIAL**

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**Background:** We have conducted an investigation concerning a possible misappropriation of assets of the Animal Welfare Department (AWD). In September 2007, the Animal Control Division of the Environment Health Department (EHD) became the AWD as a result of a reorganization. This investigation was predicated upon a report from the EHD fiscal officer of improprieties on the part of employees of the AWD Eastside and Westside facilities.

In September 2006, the EHD fiscal officer conducted an audit of the AWD petty cash and change funds and on February 26, 2007 reported the results to OIAI. Therefore, this investigation did not include an actual count of the petty cash and change funds by OIAI. We relied on the EHD fiscal officer's report.

**Objective:** *Is there evidence to support the allegation of embezzlement?*

The AWD Eastside and Westside facilities were missing monies belonging to the City.

Custodians A and B signed Statement of Responsibility forms for their respective funds.

Custodian A and Custodian B exchanged facilities, but did not take their funds with them and did not follow proper procedures for the transfer of funds.

Upon an audit of the funds, the EHD fiscal officer found:

❖ Eastside facility:  
Petty cash fund short \$350 due to unauthorized purchases that were not reimbursed

Missing funds of \$755

❖ Westside facility:  
Petty cash fund short \$350

AWD did not audit the funds prior to the EHD fiscal officer's audit.

Both Custodian A and B claim their funds were accounted for at the time of the transfer and that the other's was missing funds.

**Recommendations:** AWD should require the custodians to reimburse the City the missing funds.

**Objective:** *Are there areas in which AWD can reduce the risk of fraud?*

- There was a lack of controls to protect City funds.
- Required procedures were not followed.
- There was lack of proper documentation of processes.
- Requirement for reporting missing funds to OIAI was not followed by management and employees.
- Required verifications were not made by the Department of Finance and Administrative Services (DFAS), Treasury Division.
- Employees with disciplinary problems continue to handle cash.

**Recommendations:** AWD should:

- Implement policies and procedures to protect City assets.
- Follow ordinances and policies and procedures.
- Restrict employee access.
- Conduct surprise cash counts and install surveillance cameras.
- Maintain proper and accurate documentation of processes and provide employee training.
- Hold employees accountable through appropriate, meaningful and consistent disciplinary action.

DFAS should:

- Follow ordinances and policies and procedures.
- Provide employee training and maintain proper and accurate documentation of training.

We referred this matter to the proper prosecutorial authority.

**Management responses are included in the audit report.**



***City of Albuquerque***  
**Office of Internal Audit and Investigations**  
**P.O. BOX 1293 ALBUQUERQUE, NEW MEXICO 87103**

**CONFIDENTIAL**

November 19, 2008

Accountability in Government Oversight Committee  
City of Albuquerque  
Albuquerque, New Mexico

Investigation:      Alleged Theft of Petty Cash Funds  
                            Animal Welfare Department  
                            07-203

**FINAL**

**INTRODUCTION**

The Office of Internal Audit and Investigations (OIAI) conducted an investigation concerning a possible misappropriation of assets of the Animal Welfare Department (AWD). In September 2007, the Animal Control Division of the Environment Health Department (EHD) became the AWD as a result of a reorganization. This investigation was predicated upon a report from the EHD fiscal officer of improprieties on the part of employees of the AWD Eastside and Westside facilities.

In September 2006, the EHD fiscal officer conducted an audit of the AWD petty cash and change funds and on February 26, 2007 reported the results to OIAI. Therefore, our investigation did not include an actual count of the petty cash and change funds. Petty cash funds are established to make small, emergency purchases where a purchase order is not cost effective or a purchasing card cannot be used. Change funds are established for departments that collect cash receipts on behalf of the City and require change to appropriately complete cash transactions. OIAI relied on the EHD fiscal officer's report. The EHD fiscal officer's audit revealed \$350 in unauthorized purchases and \$755 in missing funds from the AWD Eastside facility. The EHD fiscal officer also reported a \$350 petty cash fund shortage at the AWD Westside facility.

**BACKGROUND AND EVENTS**

For purposes of this report, we refer to the custodians at the AWD Eastside and Westside facilities as Custodian A and Custodian B.

### Funds Entrusted to Custodians A and B

Date	Event
August 8, 2000	Custodian A signed a Custodian Statement of Responsibility for a change fund of \$900 and petty cash fund of \$1,000 for the AWD Eastside facility.
August 10, 2000	The EHD director informed the Department of Finance and Administrative Services (DFAS), Treasury Division (Treasury) that custodian A would be handling these funds.
August 10, 2000	Custodian B signed a Custodian Statement of Responsibility for a change fund of \$1,075 and petty cash fund of \$725 for the AWD Westside facility.
August 15, 2000	The EHD director informed Treasury that Custodian B would be handling these funds.
October 6, 2001	Custodian A requested an adjustment to the funds.
November 1, 2001	The City Treasurer granted approval.
December 6, 2001	Custodian A signed new Custodian Statements of Responsibility for a petty cash fund of \$1,000 and a change fund of \$1,525. Custodian B signed new statements for a petty cash fund of \$1,000 and a change fund of \$1,350.
October 1, 2004	The EHD director administratively transferred Custodian B to the EHD Central Office.
July 9, 2005	The EHD director permanently assigned Custodian A to the AWD Westside facility and permanently assigned Custodian B to the AWD Eastside facility.
March 7, 2007	EHD returned petty cash funds in the amount of \$1,000 to Treasury for Custodian B.
March 8, 2007	EHD returned petty cash funds in the amount of \$1,000 to Treasury for Custodian A.
April 4, 2008	AWD director requested Treasury to reassign Custodian A responsibility of the change fund for the AWD Eastside facility.

### OBJECTIVE

The objective of the investigation was to determine:

- Embezzlement is the wrongful appropriation of money by a person to whom it has been lawfully entrusted. Is there evidence to support allegations of embezzlement?
- Are there areas in which AWD can reduce the risk of fraud?

## SCOPE

The scope of the investigation was limited to:

- Petty cash funds and change funds entrusted to Custodians A and B
- May 2002 through May 2008

However, when warranted, this scope was expanded.

## METHODOLOGY

The methodologies used during our investigation consisted of:

- Documentation review and verification.
- Interviews of City personnel deemed necessary to attain a conclusion regarding our objectives.

Our investigation was conducted in accordance with fraud investigation techniques, which include but are not limited to examination of records, documents, interviews with appropriate personnel, and other evidence-gathering procedures as necessary under the circumstances.

## FINDINGS

We make recommendations, when appropriate, regarding areas noted during the investigation that we believe could improve the department's effectiveness, efficiency and compliance with administrative policies and applicable rules and regulations. These recommendations could prevent future theft and provide controls that would detect theft.

1. AWD EASTSIDE AND WESTSIDE FACILITIES WERE MISSING MONIES BELONGING TO THE CITY.

On December 6, 2001, Custodian A signed a Custodian Statement of Responsibility certifying receipt of a sum of \$1,000 to be used as a petty cash fund and a second statement certifying receipt of a sum of \$1,525 to be used as a change fund at the AWD Eastside facility.

On December 6, 2001, Custodian B signed a Custodian Statement of Responsibility certifying receipt of a sum of \$1,000 to be used as a petty cash fund and a second statement certifying receipt of a sum of \$1,350 to be used as a change fund at the AWD Westside facility.

On July 9, 2005, Custodian A and Custodian B exchanged facilities, but did not take their funds with them. There is no official record showing the funds were counted, dual verified and reported to City Treasury prior to transferring funds.

During an audit of the funds in September 2006, the EHD fiscal officer found the following:

- ❖ Eastside facility:  
Petty cash fund short \$350 due to unauthorized purchases that were not reimbursed  
  
Missing funds of \$755
- ❖ Westside facility:  
Petty cash fund short \$350

The Custodian Statement of Responsibility requires the custodian to account for the entire fund. The custodian promises to pay the City any deficiency immediately.

Funds were not audited prior to the EHD fiscal officer's audit in September 2006. Therefore, there is no way to tell exactly when the funds became missing.

Both Custodian A and B claim their funds were accounted for at the time of the transfer and that the other's was missing.

#### RECOMMENDATION

AWD should require the custodians to reimburse the City the missing funds entrusted to them.

#### RESPONSE FROM AWD

*"AWD concurs with the finding and recommendation, however, due to the timeline, the incident occurred in 2006, and the fact that one of the*

*custodians is no longer employed by the City, AWD has requested an opinion from the Legal Department regarding legal options available at this time.*

*“As a result of this finding AWD will implement policies and procedures to prevent fraud or theft and establish controls to ensure compliance and adherence to applicable rules and regulations.”*

2. THERE IS A LACK OF CONTROLS TO PROTECT CITY ASSETS AS WELL AS EMPLOYEES ENTRUSTED WITH CITY FUNDS.

The AWD does not have controls in place for petty cash funds or change funds. There are no written policies and procedures for securing these funds.

In the City of Albuquerque Cash Management Policies and Procedures Manual (Manual), Treasury recommends that in addition to the Manual, departments that manage a significant amount of cash, have its own specific procedures.

The administrative services manager stated Custodian B allowed two or three other people working under her supervision to have access to her funds during her days off. The administrative services manager did not know if any dual verification of the funds took place prior to the access. According to Custodian B it was Custodian A, who gave the senior office assistant access to \$200 from the change fund at the AWD Eastside facility. Custodian B stated the senior office assistant took the \$200 change fund home. The administrative services manager stated he was not aware that the senior office assistant took the fund home. He was aware, however, that the senior office assistant had access to funds in general.

The Manual states that departments handling cash are responsible for safekeeping these assets. The fund is assigned to one individual who is designated as the fund custodian. This individual should have exclusive access to and control of the fund.

Custodian A stated there was little management oversight prior to the current administrative services manager. She stated she has asked for training but had not received any. Custodian A stated no one physically counted her funds prior to the audit by the EHD fiscal officer in 2006. Treasury does not physically count the funds when a department requests changes to the fund. The Treasury supervisor stated the department is responsible for the funds and should ensure the funds are complete.

The Manual states that Treasury requires the department requesting an increase to the funds to prepare a memo. If approved, Treasury forwards the request to the DFAS Purchasing Division.

On Sunday employees have access to the safe. According to the administrative services manager, there were two to three keys floating around. The AWD has since re-keyed the keys to the safe. Custodian B stated the senior office assistant had access to keys that opened the safe where the petty cash fund and the change fund were kept.

The Manual requires that doors be locked at all times in areas where cash is handled. Safe doors should be kept closed during working hours and locked at times when it is not necessary to be in and out of the safe.

#### RECOMMENDATION

AWD should:

- Implement policies and procedures that not only comply with the Manual, but include appropriate controls relating to the nature and environment present within AWD. The procedures should include documentation, approvals and supervisory review.
- Restrict access to the change fund to the custodian. Anyone handling the funds on a regular basis should be an approved custodian and have signed a Statement of Responsibility form with Treasury.
- Conduct surprise cash counts of all funds entrusted to AWD. In addition, Treasury or a designee should physically count the funds anytime there is a transfer or a request to adjust the funds and not base its approval on only the paperwork provided by the requesting department.
- Assign one employee during the weekend the responsibility of unlocking and locking the office where the safe is located.
- Install cameras wherever cash is handled, counted or stored. Develop policies that require cash custodians and handlers to count and dual verify in full sight of the cameras.

RESPONSE FROM AWD

*“AWD concurs with the findings and the recommendations to implement policies and procedures. Since AWD is a new Department, officially created in July 2008, the Department Director and Fiscal Manager have undertaken the task to develop written policies and procedures that will address the issues surfaced in this audit which will include appropriate internal controls. The policies and procedures will be completed by the end of October 2008. All employees will be trained by mid-November. The procedures will include restrictions to the change funds and the cash vault, signed and approved Statements of Responsibility for the primary custodians as well as sub-custodians, policies regarding weekend responsibilities and procedures for dual verification and surprise cash counts.*

*“In addition, as AWD completes its building renovations, cameras will be installed as a security measure.”*

3. REQUIRED PROCEDURES FOR SAFEGUARDING CITY FUNDS WERE NOT FOLLOWED.

In July 2005 when Custodian A was assigned to the AWD Westside facility and Custodian B was assigned to the AWD Eastside facility, they did not take their funds with them and did not follow the requirements of the Manual when transferring funds. Each custodian stated they were told by the former administrative services manager to leave their funds behind. Custodian A stated, she and Custodian B dual verified the funds and documented the process on a tablet. She found a copy of the documentation of her funds, but not of Custodian B's. This documentation is not on an authorized City form.

Custodian A did not insist on sending the piece of paper to Treasury or signing a new Statement of Responsibility because the former administrative services manager told her the transfer was temporary. Even though she received a notice from the EHD director stating the transfer was permanent. The former administrative services manager denied telling Custodian A the transfer was temporary. Custodian B stated she did not bring up the issue because she was afraid if she did she would get fired. The former administrative services manager assumed the EHD fiscal officer would audit the funds upon the transfer. The EHD fiscal officer was never notified of the transfer. The EHD fiscal officer stated there was no dual verification in the transfer of the funds.

Custodian B started missing work on and off beginning the early part of 2006, and was out indefinitely in April 2006. Due to Custodian B's absence, the administrative services manager started handling her change fund and petty cash fund. The funds were not audited prior to the administrative services manager accessing the funds. It was not until July 2006, when he suspected that funds were missing that he contacted the EHD fiscal officer to conduct the audit. The EHD fiscal officer began the audit in July, but was out of the office for some time and did not resume the audit until September 2006.

Treasury did not have copies of any reconciliation sheets as of March 21, 2008. The current administrative services manager stated there is no documentation for the funds.

Treasury did not receive notification of the losses until the EHD fiscal officer concluded the audit. Custodian A stated she has never read the Manual and was not aware she had to report losses to Treasury.

The Manual states:

- The department director must approve the transfer of petty cash funds from one custodian to another. The outgoing custodian must reconcile and dual verify the petty cash fund by an actual cash count with incoming custodian so that the money is intact at the time of transfer. A copy of the reconciliation sheet with the two signatures is sent to Treasury. A new Statement of Responsibility form and dual verification is required at the time of transfer of any imprest funds.
- The department director must generate a memo to the City treasurer stating a request for the transfer of imprest funds, including the name of the existing custodian, identification of the new custodian and their employee identification number, and signature on Treasury custodial form accepting responsibility of imprest funds. The incoming custodian and dual verification of the fund will provide actual transfer of custodianship upon reconciliation of the fund. At such time, the fund should be counted and amount verified by the incoming custodian, the outgoing custodian statement will be voided and a new statement completed for the new custodian, and the fund amount and responsibility will be transferred at that time.
- All employees are required to report all losses to their supervisor and Treasury immediately. Any overage or shortage of \$50 or more should be reported to their supervisor and Treasury within 24 hours of occurrence.

- The custodian is responsible for keeping accurate records of the fund. It is the custodian's responsibility to understand procedures to safeguarding the fund.

#### RECOMMENDATION

AWD should ensure that employees receive proper training and follow the requirements of the Manual.

AWD should provide employees with policies and procedures that compliment and enhance the Manual.

#### RESPONSE FROM AWD

***“AWD concurs with the recommendations. As of this date, all employees have received City Treasury cash handling training and have been issued a copy of the Treasury Division’s cash handling manual. In addition, by the end of October 2008 all employees will be provided with established AWD cash handling procedures that compliment and enhance Treasury’s manual. The procedures will include the process for the transfer of cash funds, for reporting shortages and overages, and for dual verification and reconciliation procedures with an emphasis in maintaining accurate records and safeguarding the funds.”***

#### 4. THERE IS LACK OF PROPER DOCUMENTATION FOR CASH HANDLING PROCESSES.

According to the AWD administrative services manager, paperwork on dual verification for the change fund or petty cash fund does not exist.

There is no documentation for securing the funds when the funds are transferred or custodians are relocated or absent from work.

There is no documentation on fund verification for employees who are not the custodians of the funds but are given access to the funds.

The EHD fiscal officer provided documents showing Custodian B submitted \$144 to the City for a check she received from the State of New Mexico for unclaimed property. The check replaced a petty cash replenishment check at the Westside facility that was lost in 2004.

When the EHD fiscal officer audited the funds in 2006, he was not provided any documentation for outstanding items.

Human Resources Department, EHD and AWD personnel files are missing certificates for employees required to take the "How to Handle City Funds" training provided by Treasury. Treasury records show that Custodian A's certification expired August 3, 2003 and Custodian B's certification expired February 1, 2001. Both custodians claim they are current on their certifications but never received their certificates. The Treasury supervisor stated it is possible their certifications are current because their own records are not up-to-date.

The Manual states that departments are responsible for maintaining current financial file information pertaining to all cash handlers, cash sites and amounts of funds.

City Personnel Rules and Regulations Code of Conduct §301.11 states that all employees who are in control of City funds must maintain accurate and current records of all such funds

City Personnel Rules and Regulations Code of Conduct §301.13 state that it is the personal obligation of the employee completing such records as well as the supervisor to ensure that such records are accurate and comply with federal, state and City record-keeping and accounting requirements.

The City Administrative Instruction (AI) No. 2-6, To Provide a Comprehensive Training Program in Cash-Handling Procedures for All Employees Involved with Handling City Monies, requires Treasury provide cash handling training and that all employees participating in the training must be issued certificates. This certificate must be renewed every three years after completion of a refresher course in cash-handling procedures.

#### RECOMMENDATION

AWD should implement policies and procedures for documenting cash handling processes and that they are available for review.

DFAS Treasury should comply with AI No. 2-6 and ensure that employees are issued certificates for cash handling training.

RESPONSE FROM AWD

***“AWD concurs with the findings and recommendation to implement required written policies and procedures and make them available for review. The policies and procedures will be completed by the end of October 2008 and employees will be trained by mid-November.”***

RESPONSE FROM DFAS

***“DFAS concurs with the recommendation. Treasury issues certificates to all employees, volunteers and temporary staff who successful completed the cash handling class. An original is provided to the employee and a copy to the City’s Human Resource Department for placement in employee’s file (excluding volunteers and temporary staff). The certificate is valid for three years from the time the class was taken. It is up to the employee to renew the cash handling certification by taking the class every three years. Note: Treasury tracks and monitors certification effective dates, and informs department fiscal managers when certifications are due to expire.”***

5. FUNDS MAY HAVE BEEN COMMINGLED.

During his audit of the funds at the Eastside facility, the EHD fiscal officer found that \$350 was not reimbursed by EHD because the purchases violated the policy for petty cash. He also found \$755 was missing from the funds. The petty cash fund was \$1,000. His report shows the change fund intact. The \$350 and \$755 combined is more than the total of the petty cash fund. The EHD fiscal officer stated the petty cash fund and the change fund may have been commingled.

Both Custodian A and Custodian B stated the change funds were kept in bags and petty cash funds were kept in metal trays. Custodian B stated Custodian A may have commingled the funds prior to the transfer. Custodian A stated the funds may have been commingled on paper but were physically kept separate.

The Manual states that commingling of cash imprest funds (petty cash/change funds, or any other fund) is not permitted.

RECOMMENDATION

AWD should ensure funds are not commingled and that documentation represents actual amounts in the funds. This process should include supervisory review and approval.

RESPONSE FROM AWD

***“AWD concurs with the finding. Commingling of the cash imprest funds is no longer possible. As of March 2007 the petty cash funds were returned to the Treasury Division. AWD currently maintains two change funds, one at the east side location and the other at the west side location.”***

6. THE ACCOUNTABILITY IN GOVERNMENT ORDINANCE WAS NOT FOLLOWED BY AWD MANAGEMENT AND EMPLOYEES.

OIAI did not receive notification of the missing funds until the end of February 2007, yet documentation shows that management suspected money was missing from AWD Eastside facility as early as July 2006. The EHD fiscal officer had already completed his audit when the OIAI was notified. Therefore, OIAI did not participate in the actual count of the funds for this investigation.

The custodians stated that the other's funds were short when they transferred facilities in July 2005, but did not report this to OIAI.

The Accountability in Government Ordinance §2-10-16 ROA 1994 states:

All city officials, employees and contractors shall promptly notify the Director of every instance of theft or other disappearance of cash, check, or property, of misfeasance or nonfeasance, defalcation, improper governmental actions as defined in the Whistleblower Ordinance and non-compliance with federal and state law, city ordinances and city regulations of which they are aware.

RECOMMENDATION

AWD should establish policies for notifying the OIAI when funds are missing.

RESPONSE FROM AWD

***“AWD concurs with the finding and recommendation. The cash handling procedures of AWD will include a reiteration of the reporting requirements for missing funds and will ensure that AWD management and employees handling cash will be made aware of this requirement as part of the dissemination of the policies and procedures.”***

7. REQUIRED VERIFICATION WAS NOT OBTAINED BY TREASURY.

On March 21, 2008, OIAI requested Semi-Annual Data Verification reports from July 2002 to September 2006 from Treasury in order to verify amounts reported to the Treasury by Custodians A and B. The Treasury supervisor responded that they did not have these reports because the language in the Cash Handling Manual is contrary to AI No. 2-6 appointing Treasury to provide cash-handling training to all personnel handling City monies. After reviewing Administrative Instruction No. 2-6, there does not appear to be any contradiction in language.

The Manual states that Treasury is required to request from departments an update of all cash handlers/imprest funds financial information, by conducting a Semi-Annual Financial Data Verification. The Semi-Annual Financial Data Verification will provide updated department information such as department financial ID card holders, imprest funds total amounts, custodians, authorized certified cash handlers, authorized sites.

Administrative Instruction No. 2-6, states that Treasury will provide cash-handling training for all personnel handling City monies and will be held responsible for keeping up-to-date records with regard to new hires in the area of cash handling.

RECOMMENDATION

DFAS, Treasury, as the oversight division responsible for receiving, safekeeping and paying out all monies belonging to the City, should comply with the Manual and perform the semi-annual verification.

RESPONSE FROM DFAS

***“DFAS concurs with the recommendation. Treasury is in the process of completing the semi-annual verification of petty cash and change funds for***

*all departments. The semi-verification is estimated to be completed by the end of October, 2008. Treasury will carefully reconcile its verification database with records provided by the Departments to ensure its list of cash handlers is in sync with those designated by the Departments. Further, cash handlers requiring training will be directed to the website for cash handling certification class availability.”*

8. EMPLOYEES WHO HAVE DEMONSTRATED PROGRESSIVE DISCIPLINARY PROBLEMS CONTINUE TO HANDLE CASH.

Both Custodians A and B have disciplinary documents in their personnel files. During an interview, Custodian A denied having any such reprimands or letters of instruction. In a second interview, Custodian A recalled some of the issues.

The former AWD administrative services manager stated that both employees were given letters of instruction and reprimands and both had issues with time keeping, payroll and deposits. They always had explanations such as poor training or that they inherited the situation. He stated Custodian A established a pattern of blaming everybody else and never accepted responsibility.

On April 4, 2008, the AWD director assigned Custodian A as the new custodian of the change fund for the AWD Eastside facility in addition to the change fund for the AWD Westside facility. Yet during an interview on May 28, 2008, Custodian A denied that she had access to the funds at the AWD Eastside facility.

On April 15, 2008, OIAI requested documents from Custodian A via e-mail. Custodian A read the e-mail the same day. On May 7, 2008, after not hearing from Custodian A, we sent another e-mail requesting documents and a request to set up a second interview. Custodian A read the e-mail the following day. On May 10, 2008, Custodian A responded she did not notice the e-mail and would have to search and review the information requested.

The Manual states that the use of City funds is a privilege. Abuse and failure to comply with established procedures will result in the revocation of this privilege for the individual and/or department.

Personnel Rules and Regulations Code of Conduct §301.6 states that employees who become aware of instances of abuse and fail to report such events may be subject to disciplinary action up to and including termination.

Personnel Rules and Regulations Code of Conduct §301.9 states that no employee shall willfully make any false statement in regard to an investigation, or in any manner commit any fraud, conceal any wrongdoing or knowingly withhold information about wrongdoing in connection with employment with the City.

#### RECOMMENDATION

AWD should consider disciplinary action that is appropriate, meaningful and consistent as dictated by employee actions and behavior.

AWD should hold employees accountable. As responsible managers of taxpayer funds, it is incumbent upon management to balance employee rights with safeguarding City assets.

#### RESPONSE FROM AWD

***“AWD concurs with the recommendation that required disciplinary action should be appropriate, meaningful and consistent based on employee actions and behavior. We also agree that, if, an employee has disciplinary actions related to their job performance in the area of cash handling and/or accounting related functions they will be restricted from performing cash handling functions.”***

#### CONCLUSION

The Accountability in Government Ordinance (AGO), §2-10-7 (ROA 1994) requires the OIAI director to notify the appropriate prosecuting authority of any irregularity that is criminal in nature.

Based upon the results of our investigation and the EHD fiscal officer's report, these actions, if proven in a court of law, could constitute a violation of criminal and/or civil law. However, we were unable to determine who was responsible for the losses and how and when the losses occurred due to lack of and/or inadequate enforcement of controls over the funds. This matter was referred to the Second Judicial District Attorney's Office. The report also includes findings pertaining to conditions which allowed for the misappropriation to take place.

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Inspector General

REVIEWED AND APPROVED:

APPROVED FOR PUBLICATION:

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Carmen Kavelman, CPA, CISA, CGAP  
Director  
Office of Internal Audit & Investigations

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Chairperson, Accountability in Government  
Oversight Committee