



In 2019, we received 48 fraud-related allegations concerning school districts, counties, cities and towns, special taxing districts, and State agencies. We evaluated all allegations to determine sufficiency of evidentiary documentation and whether the issue would best be resolved through a financial investigation or further review by independent auditors or separate regulatory agencies.

Financial investigations

Reports issued

We issued 6 financial investigations in 2019 that led to prosecuting agencies obtaining 65 criminal charges against 6 individuals. These charges related to theft, misuse of public monies, fraudulent schemes, computer tampering, and forgery.

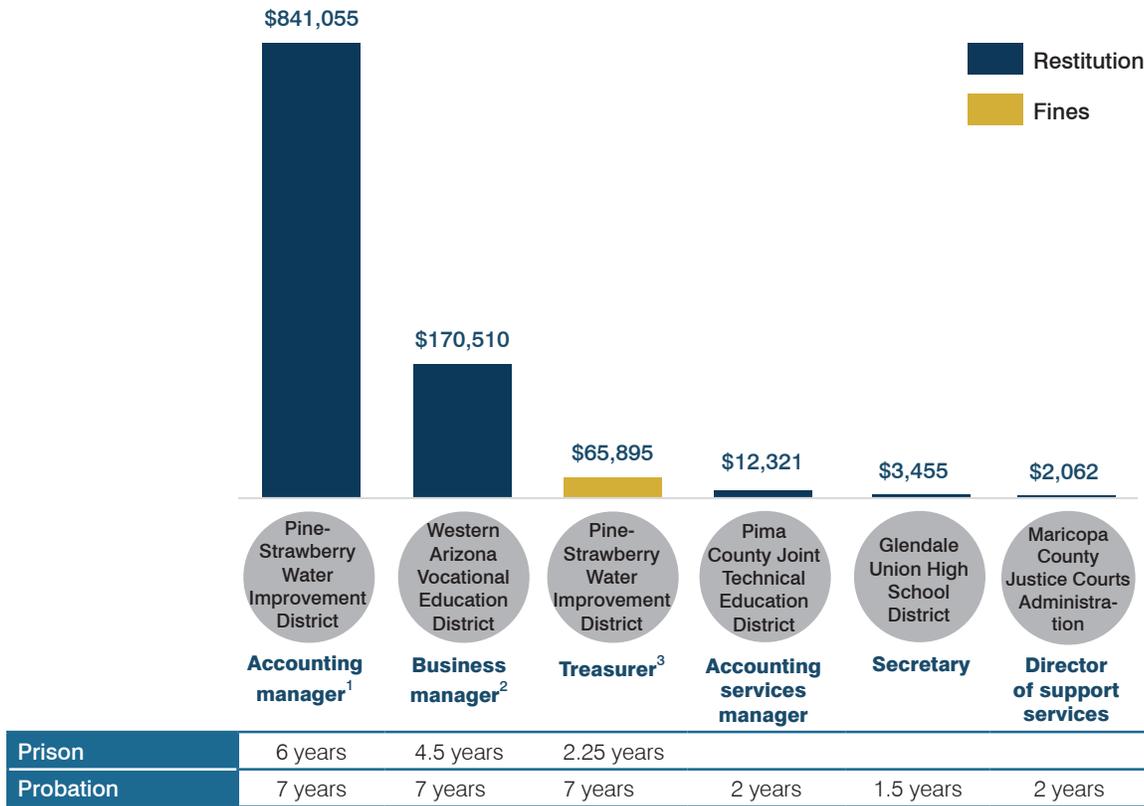
- A **Thunderbird Irrigation Water Delivery District** office administrator/governing board clerk allegedly embezzled \$278,371 by issuing District warrants, many with forged signatures, for personal purposes. Specifically, she paid for personal charges on 3 District lines of credit, 2 District credit card accounts, and 4 personal credit card accounts and issued warrants payable to her family members that were deposited or endorsed to her and her husband's personal checking account.
- A **Ray Unified School District** business manager may have embezzled \$38,333 from the District and \$900 from a nonprofit youth sports organization she was associated with when she used their monies for her own personal purposes, concealing some of her actions by falsifying District records.
- A **Valley Academy for Career and Technical Education** business manager allegedly embezzled \$30,597 when she issued VACTE warrants for personal purposes and used a VACTE credit card to make personal purchases, falsifying VACTE documents, accounting software, and Governing Board packets to conceal her actions.
- A **Pima County Joint Technical Educational District** account services manager failed to deposit in District accounts \$12,321 of cash he received that was collected from District students, parents, and other individuals. He also manipulated District records and may have forged a District deposit form to conceal his actions.
- A **Maricopa County Justice Courts Administration** director of support services allegedly falsified county travel expense forms in order to receive \$1,296 he was not entitled to, in addition to using his County purchasing card to pay for \$1,135 of his personal purchases.
- A **Board of Technical Registration** administrative services officer may have embezzled \$1,008 of cash payments Board customers made for their licensure and renewal fees, manipulating Board accounting software to conceal his actions.



Prosecutorial outcomes

Six individuals previously charged as a result of our financial investigations pleaded guilty and/or were sentenced in 2019. These charges related to misuse of public monies, fraudulent schemes, and theft. In addition, 1 individual also had her Arizona State Retirement System interest forfeited. As shown in the chart on page 2, these individuals were sentenced to a combined total of 12.75 years of incarceration, 26.5 years of probation, and ordered to pay \$1,095,298 in restitution and fines.

2019 offender plea agreements and/or sentences: restitution, fines, incarceration, and probation terms



¹ Restitution amount includes \$524,685 for the District and \$316,370 for a private business.

² Restitution amount includes \$139,284 for the theft loss and \$31,226 for the District's investigation costs.

³ The court ordered that the fine be paid to the District.

Fraud prevention and detection

WASTE FRAUD ABUSE

We developed processes for performing fraud risk reviews and began implementing them at certain government entities by evaluating high-risk areas such as purchase card usage, cash receipts, disbursements from external bank accounts, nonpayroll disbursements, procurement, and conflicts of interest. We communicated our results, including instances of possible waste and abuse, to audit teams for their evaluation of the impact on audits and on entity stakeholders.

We provided victim government entities with 14 specific ways to improve internal controls directly related to their losses to help them protect public monies from future misuse.

Our financial investigators conducted 6 fraud detection and prevention trainings for fellow employees, other government auditors, school district officials, accounting and procurement professional associations, and community college students.

In addition to a **Fraud Prevention Alert** regarding ransomware, we issued the last 2 of our 4-part Fraud Prevention Alert series related to using data analytics to help prevent and detect fraud. These alerts provide public officials with practical applications for using statistical and advanced data analytic techniques such as Benford's Law; regression, location, and trend analysis; data visualizations; and machine learning algorithms.