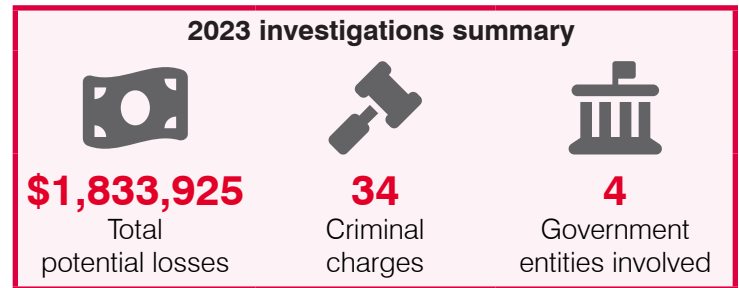


In 2023, we received 74 fraud-related allegations concerning school districts, counties, State agencies, universities, community college districts, and special taxing districts. We evaluated all allegations to determine sufficiency of evidentiary documentation and whether the issue would best be resolved through a financial investigation or further review by independent auditors or separate regulatory agencies.

## Financial investigations

### 2023 reports issued

We issued 4 financial investigations that led to prosecuting agencies obtaining 34 criminal charges against 5 individuals. These charges related to theft, misuse of public monies, fraudulent schemes, forgery, conspiracy, and computer tampering.

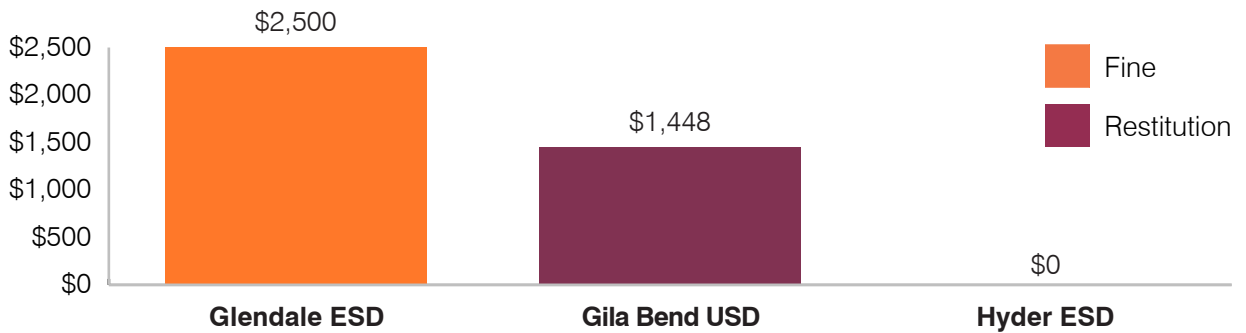


- An **Arizona State University** Technology Office manager of information technology may have embezzled \$124,093 when he used his ASU purchase card to make 810 personal purchases, including 12 gaming consoles, 10 smart watches, 2 Christmas trees, a treadmill, and a row machine. He concealed his actions when he submitted for processing 347 forged receipts and 358 false p-card business purpose descriptions, making it falsely appear as if the purchases were for valid ASU purposes.
- A **Hyder Elementary School District** office specialist may have embezzled \$7,417 when she admittedly “borrowed” the monies by issuing herself unauthorized District checks. She concealed her actions by failing to perform or provide for review checking account reconciliations and failing to obtain the second authorized signature required by District policy on over half the checks, signing the majority herself.
- Two **Gila Bend Unified School District** employees, a secretary and her daughter, an accounts payable clerk, participated in unauthorized District credit card purchases totaling \$1,476, including a laptop given to a family member as a graduation gift.
- A **Department of Education** Career and Technical Education Future Farmers of America (FFA) executive secretary may have opened a secret checking account with himself as the only signer and deposited therein \$1,700,939 of Arizona Association FFA (AZFFA) monies that should have been deposited in a Department checking account, altering Department accounting records to conceal his actions. Without the Department’s or AZFFA’s knowledge, the executive secretary spent this money for AZFFA and personal purposes. Because monies were commingled and certain records were unavailable, we were unable to determine how much of this money was used for AZFFA purposes.

### 2023 prosecutorial outcomes

**Four individuals charged as a result of these or previous financial investigations pleaded guilty.** These charges related to theft, misuse of public monies, and fraudulent schemes. As shown in the chart on the next page, these individuals were sentenced for a combined total of 5.5 years of probation, 125 hours of community service, and \$3,948 in fines and restitution.

## 2023 offender sentences: fines, restitution, probation, and community service



	Glendale ESD	Gila Bend USD	Hyder ESD
Offender(s)	Payroll technician	Secretary Accounts payable clerk <sup>1</sup>	Office specialist <sup>2</sup>
Probation	18 months	12 months each	24 months
Community service	—	Secretary: 25 hours Clerk: 100 hours	—

<sup>1</sup> The secretary paid the District \$1,448 restitution prior to the accounts payable clerk's sentencing. Both were jointly liable.

<sup>2</sup> The office specialist repaid the District \$7,392 of embezzled monies prior to sentencing.

## Fraud prevention and detection

**Civil action settlement**—As a result of an Office performance audit on executive administration spending with which we assisted, a **Buckeye Elementary School District** superintendent and her spouse entered a settlement agreement with the State of Arizona. Pursuant to this agreement, these individuals paid a \$407,058 "Settlement Payment" to the District. The parties acknowledged the settlement was not an admission of liability. Prior to settlement, the parties entered into a Severance Agreement whereby the superintendent agreed to submit a voluntary and irrevocable letter of resignation, and the District agreed to pay her \$106,257 for severance and benefits.

**Suggested internal control improvements**—We provided victim government entities with 12 specific ways to improve internal controls directly related to their losses to help them protect public monies from future misuse.

**Evaluated high-risk areas**—We performed reviews at certain government entities by evaluating high-risk areas including, but not limited to, purchase card usage, cash receipts, external bank account disbursements, nonpayroll disbursements, procurement, and conflicts of interest. We communicated our results, including instances of possible waste and abuse, to Office audit teams to evaluate the results' impact on entities being audited and their stakeholders. Accordingly, those audit reports included findings related to unauthorized purchase card purchases, untimely cash deposits, unreconciled cash receipts, inadequate internal controls for bank account transactions, and unapproved employee benefit pay. Further findings included the operation of a nonprofit without legal authority, failure to address security incidents involving personal information, noncompliance with the Uniform System of Financial Records, and State property-valuation, open meeting, and conflict-of-interest laws. We also included recommendations for entities to improve internal controls over those areas and thereby help decrease the risk of fraud, waste, and abuse.

**Conducted fraud prevention trainings**—We conducted 4 fraud prevention and detection trainings for fellow employees, other government auditors, and university students, bringing awareness to public fraud and corruption, the forces that drive them, and best practices to prevent them.

**Issued Fraud Prevention Alerts**—We issued 2 Fraud Prevention Alerts describing how certain forgery and computer tampering frauds occur and what actions management can take to deter and detect them.

**Participated with anti-fraud organization**—Our director of financial investigations served on the board of directors for the Arizona chapter of the Association of Certified Fraud Examiners, Inc., the world's largest anti-fraud organization dedicated to preventing and detecting fraud through education and training.