



Fraud Prevention Alert— Falsifying Public Records

WHY ARE WE ISSUING THIS ALERT?

Our Office has investigated many fraud schemes in which public documents had been forged and filed in a public office. Although these practices are crimes in and of themselves, individuals often use forgery and false filing to perpetrate their schemes or attempt to conceal their crimes.

This alert outlines how public officials can exercise appropriate oversight to help protect public monies and records. Specifically, public officials should ensure that they:

- Separate cash-handling and public recordkeeping responsibilities among employees;
- Objectively scrutinize public records that support transactions to ensure they are true and genuine; and
- Develop policies to secure and properly safeguard public documents.

Putting effective controls in place can help ensure compliance with state laws and help prevent fraud, waste, and abuse.



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Forging or filing falsified public records is illegal

Public officials with oversight authority have a responsibility to ensure public records are protected, genuine, and true. In particular, to help ensure the appropriate use of public monies, officials should ensure that public records supporting financial transactions, such as invoices, cash receipts, and bank reconciliations, accurately represent facts and have not been falsified or otherwise altered.

Several Arizona laws describe the elements of committing forgery, falsifying or tampering with a public record, and knowingly offering a false document for filing in an Arizona public office.¹ Criminal consequences for these actions range from a class 4 felony to a class 6 felony.

In fact, our Office recently issued several reports on instances of criminal activity in which government employees falsified public documents, resulting in at least \$137,560 of public monies being misused.² These individuals forged invoices, cash receipts, purchase logs, payroll documents, and deposit records to perpetrate their schemes and were subsequently charged with felony violations related to theft, misuse of public monies, fraudulent schemes, and forgery. One individual was also charged with impeding an audit after she initially failed to provide documentation and later submitted forged invoices, falsely representing their authenticity to our Office.

Appropriate oversight and controls help protect public monies and records

Public officials should ensure public records are protected, genuine, and true. The conscious exercise of this fiduciary duty also helps to ensure the appropriate use of public monies. Specifically, officials can establish and enforce policies that incorporate fundamental controls, such as:

- Separating cash-handling and the associated public recordkeeping responsibilities among employees so that no one person has the ability to initiate and complete a transaction without independent review. Cash-handling responsibilities include issuing payments, receiving monies, and making deposits.
- Objectively scrutinizing public records that support financial transactions to ensure the documents are true and genuine and properly substantiate the transactions' purpose. Document, research, and resolve unusual aspects, such as documents that lack information or have inconsistent numbering, dates, descriptions, or amounts, before final approval.
- Developing and implementing policies and procedures designed to secure and safeguard public documents. For example, maintain hard copies of financial records in a locked cabinet with key access limited to approved personnel and ensure electronically kept documents are protected through restricted user-access assignments and passwords.

¹ Arizona Revised Statutes §§13-2002, 13-2407, and 39-161.

² See Office of the Auditor General, *Special Investigative 2013 Reports*: Glendale Elementary School District No. 40, (March); Paradise Valley Unified School District No. 69, (March & August); and Yavapai County Education Service Agency, (October).



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