

Sometimes the System Works

Introduction

The Sacramento County Grand Jury received a complaint that a Program Manager for the Child Protective Services (CPS) Division of the Sacramento County Department of Health and Human Services embezzled thousands of dollars by forging signatures on county vouchers. Despite this fact, the manager was still employed, though on administrative leave, and no criminal charges had been filed.

The grand jury interviewed the complainant who testified that during another CPS employee's termination hearing, the manager's alleged embezzlement came to light. The complainant believed that the fact that the manager was still employed deserved investigation of the CPS voucher procedures.

Method of Investigation

The grand jury contacted CPS and, as requested, received the following materials:

- CPS Purchasing Reference Materials, Guidelines, Vendor List and Forms
- Agreement Between the Sacramento County Department of Health and Human Services and (Name Redacted)
- The Program Manager's Termination Master file.

We also interviewed the complainant, the Program Manager named in the complaint, and representatives of CPS.

Issues

1. Did the program manager named in the complaint forge signatures on vouchers as alleged by the complainant?
2. Did other CPS employees do the same thing?
3. Were CPS procedures at fault?

Background and Facts

The manager was hired by the Department of Health and Human Services in 1994 and was evaluated on a regular basis. As a result of competent performance the manager was promoted several times and at the time of termination was a Human Services Program Manager with CPS.

On February 17, 2010, an account clerk sent an email to a social worker regarding the use of a voucher for a \$250 purchase. The clerk questioned the purchase because the Form CS 1010 (CPS Purchase Receipt) was not included with the payment request as required. The social worker responded that there was no purchase because the client's case was closed a month earlier. The email was then forwarded, with a copy to this manager who responded that the issue had been resolved. An investigation of other purchase orders revealed that the manager was forging the workers' signatures. The first recorded

instance occurred January 7, 2010. The actions of the alert account clerk who spotted the discrepancy can be credited with revealing the fraud.

On March 5, 2010, the manager was interviewed by two human resources managers. At that time the manager was advised that an investigation was being conducted for violation of policies and procedures in the acquisition of purchase orders and the purchase of merchandise. The manager was then placed on paid administrative leave.

On completion of the investigation, the manager was confronted with the evidence. The total amount of the alleged embezzlement was \$2,017. A recommendation of dismissal was issued on June 24, 2010 and termination occurred August 5, 2010.

During testimony to the grand jury, the program manager admitted guilt and expressed regret. This individual said that when clients called and pressed for help, he pulled their cases from the closed file and issued vouchers. Their cases had been closed but due to backlogs the closure had not yet been entered into the computer system. The manager confirmed forging the authorizing signatures, but asserted that none of the purchases were for his personal use.

The manager testified to being unaware of other instances of violation of the voucher procedure. The witness does not know if CPS has changed procedures to prevent this kind of fraud. As of April 2011, criminal charges had not been filed.

It appears that CPS has a process in place to reconcile accounts. This is the reason the discrepancy caught the eye of the account clerk. However, questions remained: Was this an isolated instance or does CPS have other such cases? What actions had CPS taken to ensure this doesn't happen again? Were criminal charges filed against the manager?

The grand jury interviewed the CPS Deputy Director in an effort to answer these questions and subsequently received the following written response that confirms the information discovered in the grand jury's investigation.

“The CPS managers and administrative staff reviewed the current procedures in place to oversee CPS Purchasing. It was determined that the current controls in place did a good job of uncovering irregularities in process. The Administrative Unit has one team, a supervisor and an assistant, charged with the review and approval of all purchase order requests. They both review each request prior to approval. In the (name redacted) Program Manager's case they noted the behavior pattern and missing signature, which led to the discovery of the fraud.”

The director also stated:

“We have expanded the requirement for the recipient signature to other types of purchases to ensure we have an accurate accounting of the distribution of goods and items. In addition to requiring a signature from the recipient, we have added the review and signature of the program manager. We will expand this oversight to include donated holiday gifts for foster children in November/December 2011.”

Findings and Recommendations

Finding 1.0 The program manager did forge signatures on voucher purchases but there was no evidence of other Child Protective Services employees doing the same thing.

Recommendation 1.1 None, since the individual involved has already been discharged.

Finding 2.0 The CPS procedures allowed discovery of the forgeries in a reasonable period of time and those procedures are currently being expanded.

Recommendation 2.1 CPS should complete the expansion of control procedures and monitor future transactions continuously.

Response Requirements

Penal Code sections 933 and 933.05 require that specific responses to indicated findings and recommendations contained in this report be submitted to the Presiding Judge of the Sacramento County Superior Court by September 30, 2011, from:

- **Child Protective Services Division of the Sacramento County Department of Health and Human Services**

Mail or hand-deliver a hard copy of the response to:

**Hon. Steve White, Presiding Judge
Sacramento County Superior Court
720 9th Street, Dept. 47
Sacramento, CA 95814**

In addition, email the response to Becky Castaneda, Grand Jury Coordinator, at castanb@saccourt.com