

 **Checks, balances, and bank statements: Building stronger financial controls**

Brandi Pritchard, CFE
Assistant Director of Special Investigations

*Association of Washington Cities, Member Expo
October 8, 2025*

 Office of the Washington State Auditor

1



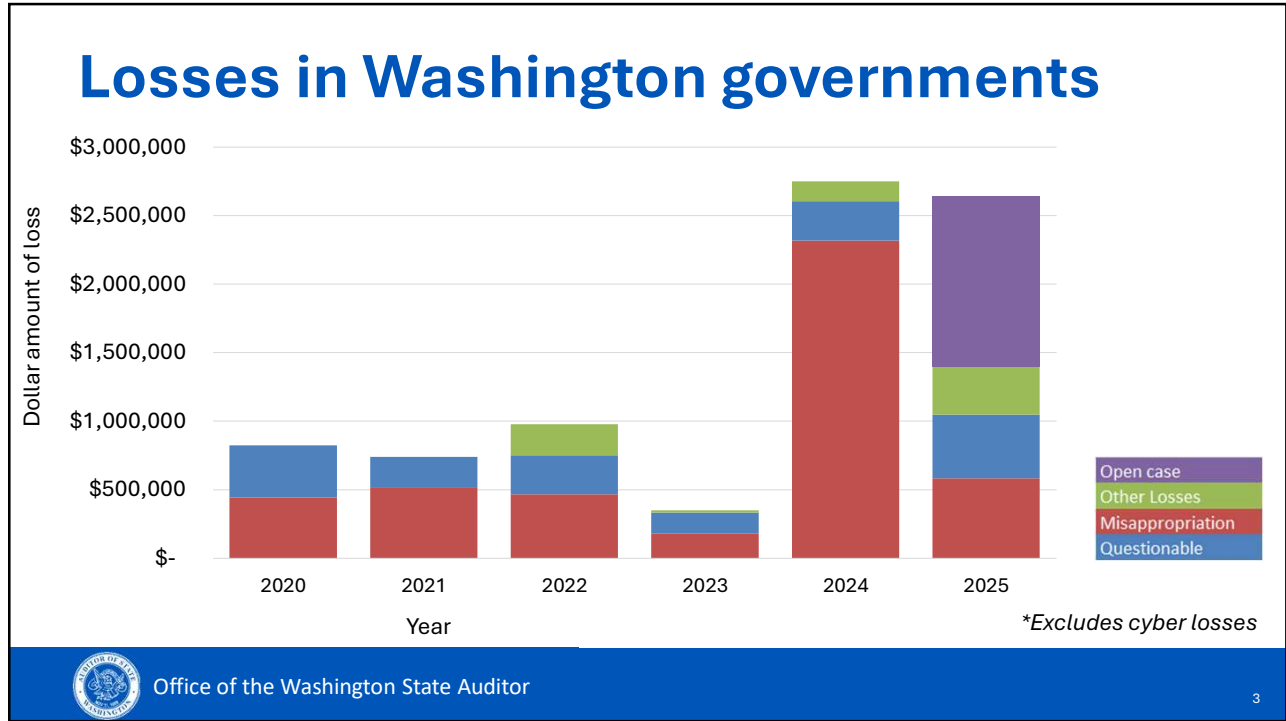
Today's agenda

- 01** Fraud stats for Washington governments
- 02** Reviewing the bank statements
- 03** Rapid fire red flags

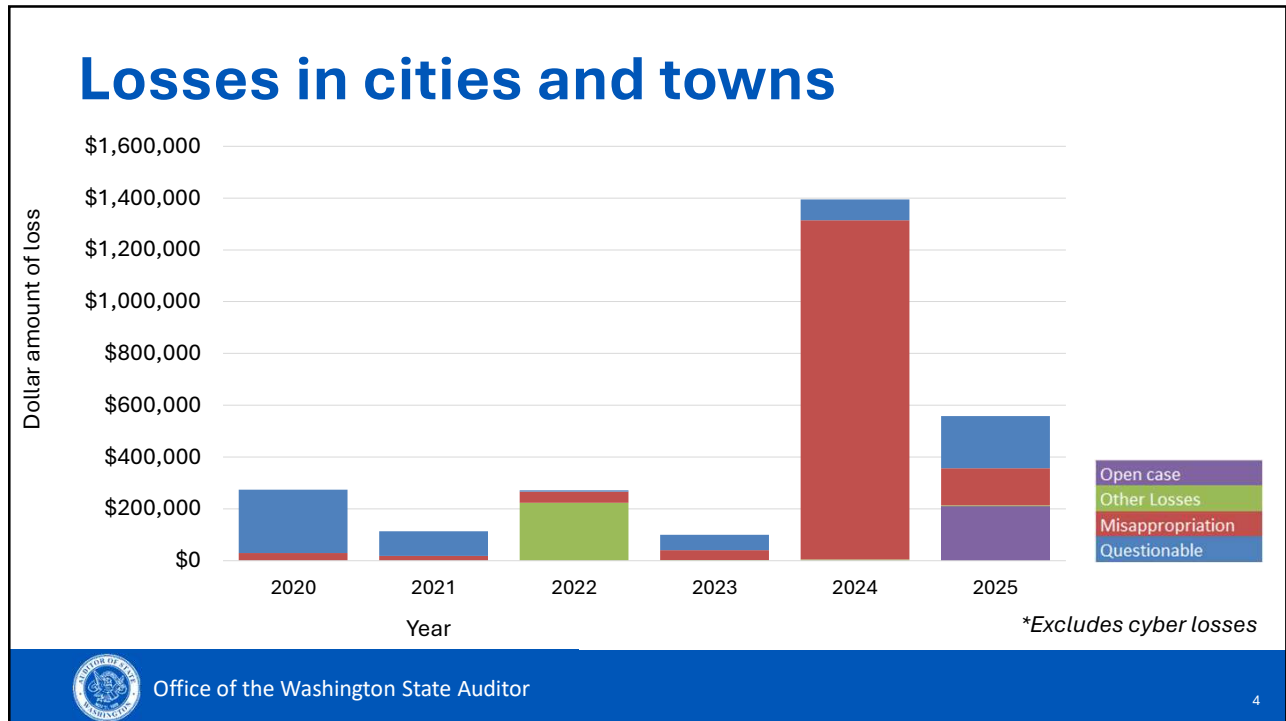
 Office of the Washington State Auditor

2

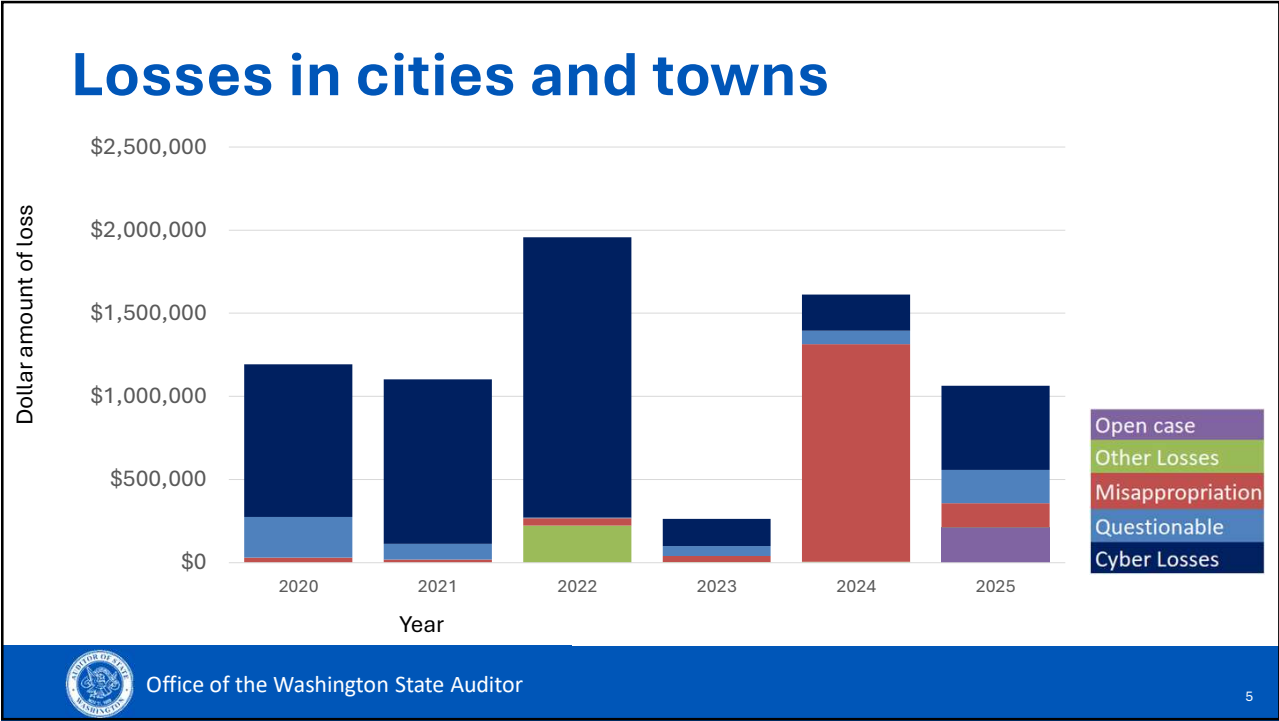
2



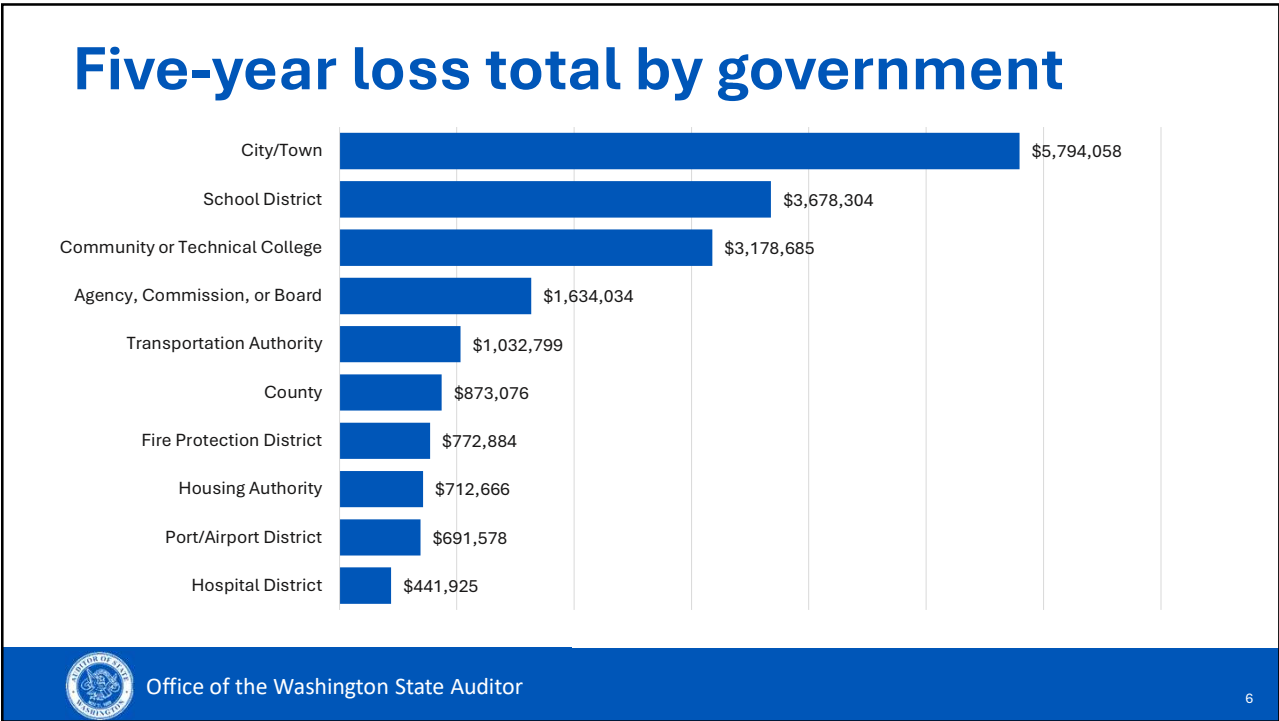
3



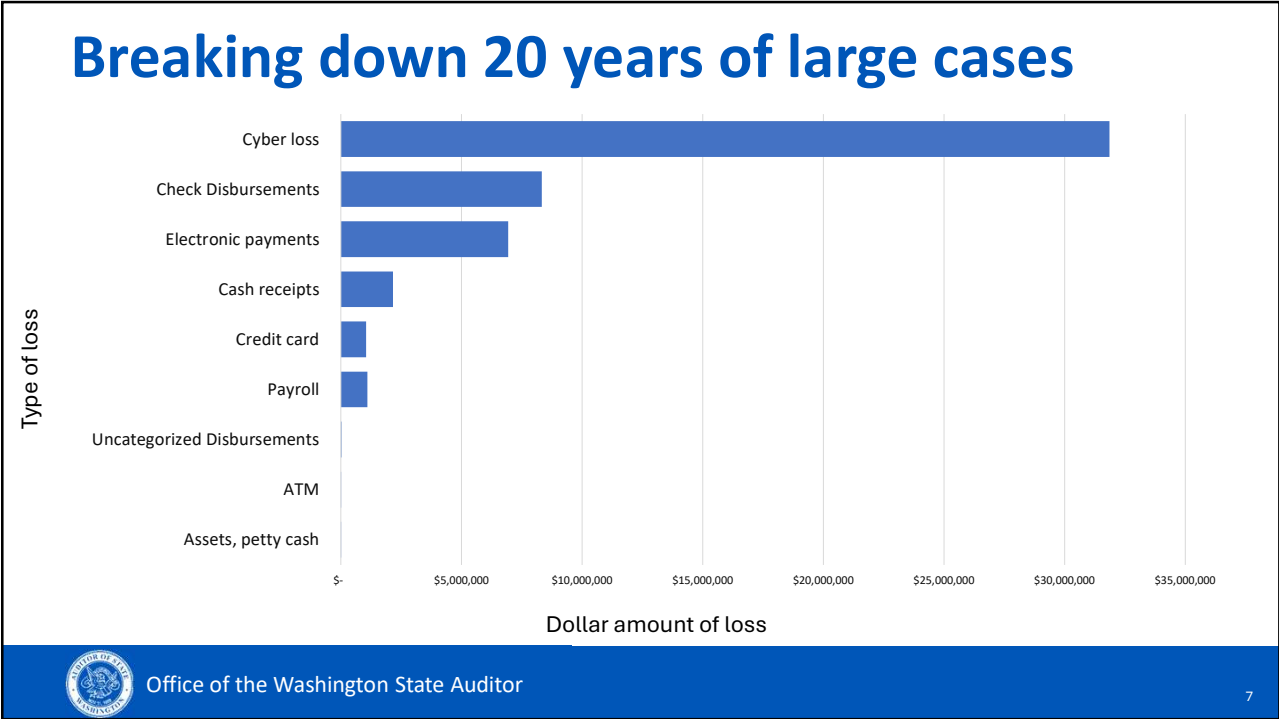
4



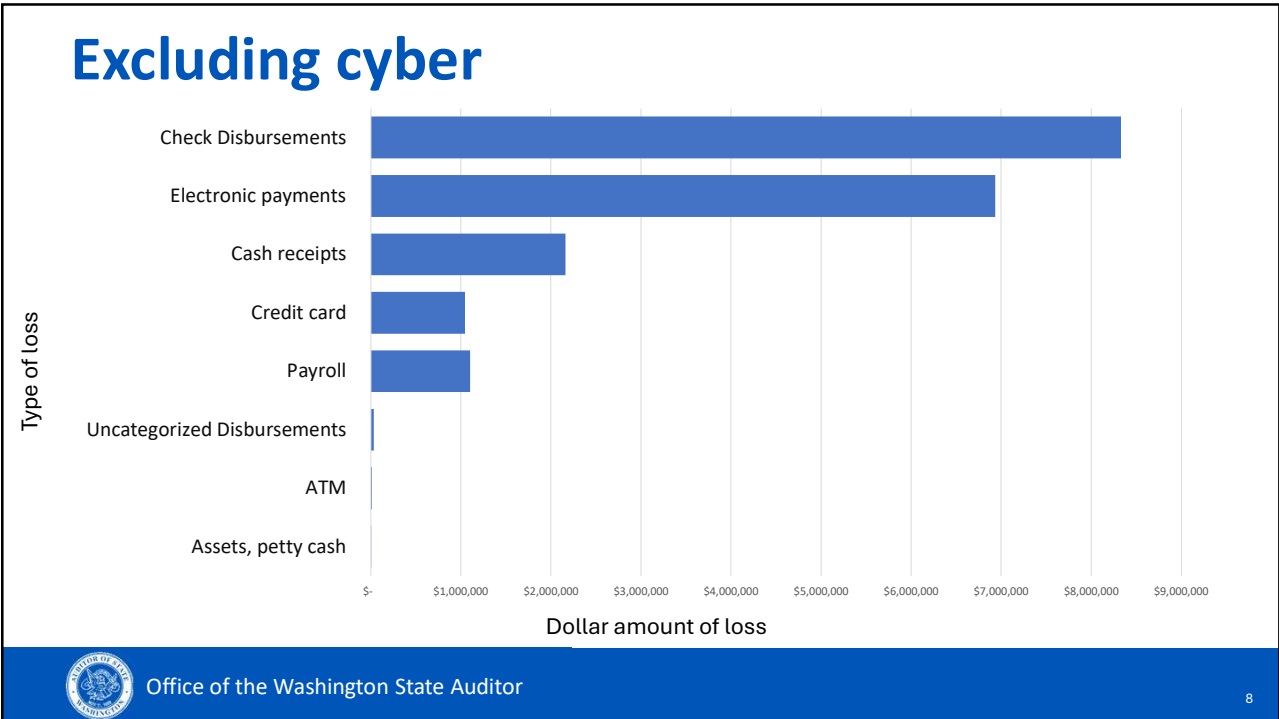
5



6

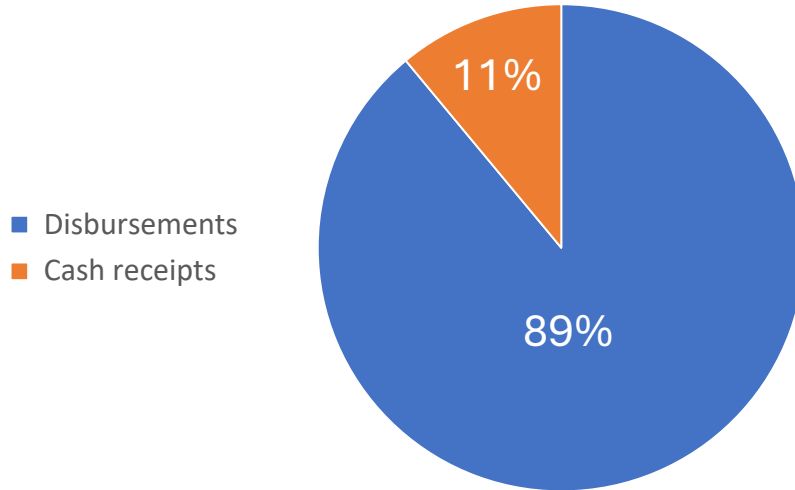


7



8

Disbursements lead to the most loss



9



**Bank Statement
Review**



10

Bank account activity is the core source of a government's money flow.

- They provide helpful perspective into a government's activities
- They are an independent record of the government's financial transactions
- Often, schemes reveal themselves in the statements, either obviously or subtly



Why?



11


Date	Serial #	Location	
12-3		Direct Withdrawal, Pierce County Hsdirectpay	\$13,954.00
12-3		Direct Withdrawal, Greystone Se 03 Debits	67,626.00
12-3		Direct Withdrawal, Greystone Se 03 Debits	30,072.00
12-3		Direct Withdrawal, Greystone Se 03 Debits	22,143.00
12-6	2921	Wire Withdrawal Adp Client Trust 4934	27,100.32
12-6	3775	Wire Withdrawal Adp Client Trust 5673	580.25
12-7		Direct Withdrawal, WA Dept Ret Sys Drs Epay	2,393.25
12-7		Direct Withdrawal, Voya Nat Trst182Spnsr P/R	315.00
12-11		Direct Withdrawal, Pierce County Hsdirectpay	160,623.98
12-12		Direct Withdrawal, Pierce County Hsdirectpay	8,402.00
12-17		Direct Withdrawal, Pierce County Hsdirectpay	75,468.84
12-18	8886	Wire Withdrawal Triad Bank 0304	275,000.00
12-20	3373	Wire Withdrawal Adp Client Trust 4934	11,676.65
12-20	3820	Wire Withdrawal Adp Client Trust 5673	580.25
12-20		Direct Withdrawal, Voya Nat Trst182Spnsr P/R	315.00
12-21		Direct Withdrawal, WA Dept Ret Sys Drs Epay	2,334.71
12-27		Direct Withdrawal, Pierce County Hsdirectpay	35,362.29



12

Card Transactions/Withdrawals

Date	Description	Subtractions
02-16	Cash Withdrawal Terminal 597915 215 N Pearl Street Centralia WA [REDACTED]	500.00
02-22	Cash Withdrawal Terminal 597544 9921 Highway 12 SW Rochester WA [REDACTED]	500.00
02-23	Cash Withdrawal Terminal 597948 192 Adams Street Morton WA [REDACTED]	480.00
Total Card Transactions/Withdrawals		\$1,480.00




Office of the Washington State Auditor

13

13

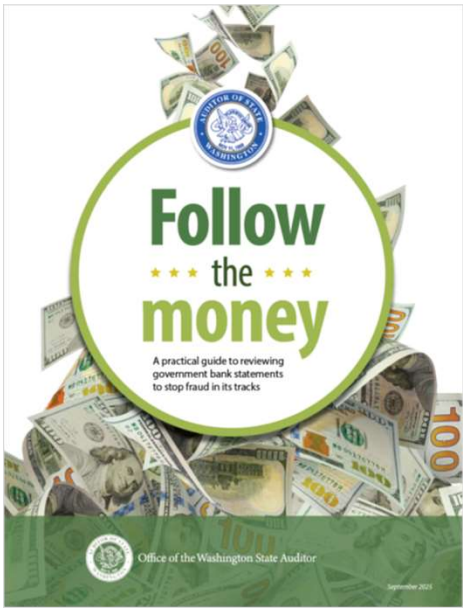
TRAN DATE	POST DATE	MCC CODE	TRANSACTION DESCRIPTION	REFERENCE #	AMOUNT
01-25	01-26	8999	IN *SRBC CONSULTING [REDACTED] WA	24692163025100529278879	2,500.00
01-26	01-27	8999	IN *SRBC CONSULTING WA	24692163026101253511229	2,000.00
01-27	01-30	8999	IN *SRBC CONSULTING WA	24692163027101993980543	8,500.00
01-29	01-30	8999	IN *SRBC CONSULTING WA	24692163029100506272644	9,200.00
01-30	01-31	8999	IN *SRBC CONSULTING WA	24692163030101193340576	9,300.00
01-31	02-01	8999	IN *SRBC CONSULTING WA	24692163031101868734151	9,300.00
01-31	02-01	8999	IN *SRBC CONSULTING WA	24692163031101868734169	9,500.00
02-03	02-06	3637	RAMADA BY WYNDHAM OLYMPI 360-4598866 WA 8579691 ARRIVAL: 02-02-23	24755423035160356935603	134.57
02-06	02-07	0000	PAYMENT - THANK YOU 00000 C	74798263038000000000357	4,052.98PY
02-07	02-08	4814	VERIZONWRLSS*RTCCR VB 800-922-0204 FL	24692163038106610351967	637.09
02-07	02-08	4814	VERIZONWRLSS*RTCCR VB 800-922-0204 FL	24692163038106610352106	511.91
02-07	02-08	4814	VERIZONWRLSS*RTCCR VB 800-922-0204 FL	24692163038106610352148	732.78
02-10	02-10	0000	PAYMENT - THANK YOU 00000 C	74798263041000000000048	5,963.03PY
02-10	02-13	4814	TMOBILE POSTPAID WEB 800-937-8997 WA	24692163041109290041531	5,935.44
02-11	02-13	0000	PAYMENT - THANK YOU 00000 C	74798263044000000000037	30,000.00PY
02-11	02-13	8999	IN *SRBC CONSULTING [REDACTED] WA	24692163042109952730446	5,000.00
02-12	02-13	8999	IN *SRBC CONSULTING WA	24692163043100670703095	5,000.00
02-13	02-14	8999	IN *SRBC CONSULTING WA	24692163044101351310654	2,000.00
02-15	02-16	8999	IN *SRBC CONSULTING WA	24692163046102792654062	5,100.00
02-15	02-16	8999	IN *SRBC CONSULTING WA	24692163046102792654070	5,000.00
02-16	02-17	4814	VERIZONWRLSS*RTCCR VB 800-922-0204 FL	24692163047103087389397	830.80
02-16	02-17	4814	VERIZONWRLSS*RTCCR VB 800-922-0204 FL	24692163047103087389470	468.82
02-16	02-17	4814	VERIZONWRLSS*RTCCR VB 800-922-0204 FL	24692163047103087389496	2,397.50
02-16	02-17	4814	VERIZONWRLSS*RTCCR VB 800-922-0204 FL	24692163047103087389561	556.85



Office of the Washington State Auditor

14

14




Follow the money

A practical guide to reviewing government bank statements to stop fraud in its tracks

Office of the Washington State Auditor

New Resource Alert!!!



Office of the Washington State Auditor

15

15

What it contains

New Resource Alert!!!

Basics of banking and bank statements

Who should have access to banking accounts, including debit or credit cards and statements

Access to a government's bank account (and other financial products, listed in the sidebar) should be carefully controlled and granted based on business need.

If you don't already have a master list of who is permitted access to your government's money, that's a good place to start. List everyone who has been issued a debit card or credit card, and who maintains online account access for creating and processing electronic bank account transactions.

Then, review this list periodically, has someone changed to another job function or left the government through retirement or a new job elsewhere? If so, be sure to remove their access to your online banking accounts by telling the bank promptly. Don't forget to cancel credit or debit cards held in the employee's name or to which they had access.

Case study warnings

We have investigated many losses where management or the board were unaware an employee obtained a debit card or credit card to use for making purchases, because no one reviewed who had bank account access. And because no one carefully reviewed the bank statements, unauthorized spending went undetected for months – or years – as the employee made multiple personal purchases.

We have also seen several cases where a government did not remove a former employee's bank access promptly, and the government suffered additional losses because the person still had the ability to make personal debit card or credit card purchases, log in online to the government's bank account to create and process electronic payments to her personal accounts, or even make cash withdrawals.

Reviewing Local Government Bank Statements | 4


The 30-minute Follow the Money approach

Set your timer and get ready to improve your government's banking health!

If this is a relatively new practice for you, review the "What your bank statement is telling you" sections earlier in this handbook to refresh your memory about what kinds of questions you should ask yourself if a transaction looks a little – or a lot – unusual.

Time	Monitoring task	Notes from review
2 mins	Know the source of records, check the box that applies: <input type="checkbox"/> Used online bank access to print own copy <input type="checkbox"/> Received in mail and signed myself <input type="checkbox"/> Someone other than the bank emailed me a copy <input type="checkbox"/> Someone other than the bank provided me a hard copy	
0-5 mins <i>*Skip if original bank statements obtained</i>	Assess risk for alterations by reviewing for: 1. Inconsistent formatting or alignment of rows, sections or columns 2. Missing or blank pages 3. Mathematical errors. Last month's ending balance statement should be the same as the beginning balance of the new month's statement	
8 mins <i>(2 mins each check mark)</i>	Scan deposits section ✓ Assess the overall bank account balance and your current financial condition. Possible red flag: Missing deposits if the account balance at any point during the statement period appears lower than expected. ✓ Evaluate the frequency of deposits and whether it meets your government's policies and expectations. ✓ Examine the dollar amounts deposited and whether they are whole-dollar amounts or include change. ✓ Consider spot-checking the month's total deposit amount on the statement to an accounting system report of total deposits recorded. Are any deposits missing from the bank but present in the system? Does the bank cash deposit amount of the deposit match the total cash receipt records for that day's deposit?	

Reviewing Local Government Bank Statements | 20



Office of the Washington State Auditor

16

16

Banking access is key and often overlooked.

Restrict access to your government's financial products and accounts

Recommend creating a master list of who has access to what

Review periodically and update as needed



Where to start?



Office of the Washington State Auditor

17

17

Why you should remove access

On April 7, 2025, we met with the Mayor as part of concluding our investigation. During the meeting, the Mayor said that **despite no longer working for the Town, the former Clerk-Treasurer was still able to access Town bank accounts.** The Mayor also had identified an additional payment that the former Clerk-Treasurer prepared, signed, and cashed for hours that were not worked. That day, we accompanied the Mayor to the bank to ensure the former Clerk-Treasurer was removed from the Town's bank accounts.

While at the bank with the Mayor, we obtained copies of bank statements and cleared checks for the period of October 1, 2024, to April 7, 2025 to determine if further misappropriation had occurred. **We found an additional \$3,612 in misappropriation between October 21, 2024, and November 21, 2024.** The former Clerk-Treasurer used the Town's bank account information to make four personal payments to an online bill payment processing vendor.



Office of the Washington State Auditor

18

18

“Follow the Money” Approach

The 30-minute Follow the Money approach
 Set your timer and get ready to improve your government's banking health!

If this is a relatively new practice for you, review the "What your bank statement is telling you" sections earlier in this handbook to refresh your memory about what kinds of questions you should ask yourself if a transaction looks a little - or a lot - unusual.

Time	Monitoring task	Notes from review
2 mins	Know the source of records, check the box that applies: <input type="checkbox"/> Used online bank access to print own copy <input type="checkbox"/> Received in mail and opened myself <input type="checkbox"/> Someone other than the bank emailed me a copy <input type="checkbox"/> Someone other than the bank provided me a hard copy	
0-8 Mins *Skip if original bank statements obtained.	Assess risk for alterations by reviewing for: 1. Inconsistent formatting or alignment of rows, sections or columns 2. Missing or blank pages 3. Mathematical errors. Last month's ending balance statement should be the same as the beginning balance of the new month's statement	
8 mins 2 mins each (check marks)	Scan deposits section <input type="checkbox"/> Assess the overall bank account balance and your current financial condition. Possible red flag: Missing deposits if the account balance at any point during the statement period appears lower than expected. <input type="checkbox"/> Evaluate the frequency of deposits and whether it meets your government's policies and expectations. <input type="checkbox"/> Examine the dollar amounts deposited and whether they are whole-dollar amounts or include change. <input type="checkbox"/> Consider spot-checking the month's total deposit amount on the statement to an accounting system report of total deposits recorded. Are any deposits missing from the bank but present in the systems? Does the bank cash deposit amount of the deposit match the total cash receipt records for that day's deposit?	

Reviewing Local Government Bank Statements | 20

Time	Monitoring task	Notes from review
10 mins 1-2 mins each (check marks)	Scan typical withdrawal activity <input type="checkbox"/> Scan electronic transfer activity. Focus on account numbers where money has been transferred to. Verify that these are known bank accounts for your government. <input type="checkbox"/> Examine ACH payment activity for reasonableness. Scan the vendor names listed; only expected vendors should receive ACH payments. <input type="checkbox"/> Spot check ACH group (known as a batch) transactions by examining supporting bank transmittal receipts to see which vendors or employee payments were included in the batch. Double-check vendor bank account numbers on the transmittal receipt agree with the vendor bank account listed on file. <input type="checkbox"/> Review debit card activity. Look at date, location, amount and vendor name. Examine supporting receipt records to determine what was purchased and the business purpose, and confirm they have been recorded in the accounting system.	
4-6 mins	Scan cash withdrawals, digital payment app transactions and fees <input type="checkbox"/> (2mins) Scrutinize any cash withdrawal transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. <input type="checkbox"/> (1min) Scrutinize any digital payment app transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. <input type="checkbox"/> (1min) Look for any fees or charges applied on the account and whether they appear reasonable. Late fees or penalties should be rare.	
3-4 mins	Scan check withdrawals <input type="checkbox"/> (2min) Review list of cleared checks, scanning the dollar amount of the checks. Question whole-dollar amounts, volume of checks and reason for nonsquential checks. Examine supporting records to determine the purpose of the payment and whether it was properly authorized. <input type="checkbox"/> (1min) Review list of voided checks and ensure none of the check numbers listed show as having cleared. Research any discrepancies.	

Reviewing Local Government Bank Statements | 21



19

“Follow the Money”

Step 1: Know the Source of Records

Time	Monitoring task
2 mins	Know the source of records, check the box that applies: <input type="checkbox"/> Used online bank access to print own copy <input type="checkbox"/> Received in mail and opened myself <input type="checkbox"/> Someone other than the bank emailed me a copy <input type="checkbox"/> Someone other than the bank provided me a hard copy



20

Time	Monitoring task
2 mins	<p>Know the source of records, check the box that applies:</p> <div style="display: flex; flex-direction: column; gap: 10px;"> <div style="border: 1px solid orange; padding: 5px; margin-bottom: 10px;"> <input type="checkbox"/> Used online bank access to print own copy <input type="checkbox"/> Received in mail and opened myself </div> <div style="border: 1px solid blue; padding: 5px;"> <input type="checkbox"/> Someone other than the bank emailed me a copy <input type="checkbox"/> Someone other than the bank provided me a hard copy </div> </div>

Directly

Indirectly



21

Source of Records: Questions to ask

Did I get this bank statement directly or indirectly?

Who did I get this statement from?

Is there any risk of alterations?



22

“Follow the Money”

Step 2: Assess risk for alterations

Time	Monitoring task
0-5 Mins *Skip if original bank statements obtained.	Assess risk for alterations by reviewing for: 1. Inconsistent formatting or alignment of rows, sections or columns 2. Missing or blank pages 3. Mathematical errors: Last month's ending balance statement should be the same as the beginning balance of the new month's statement



23

Time	Monitoring task
0-5 Mins *Skip if original bank statements obtained.	Assess risk for alterations by reviewing for: 1. Inconsistent formatting or alignment of rows, sections or columns 2. Missing or blank pages 3. Mathematical errors: Last month's ending balance statement should be the same as the beginning balance of the new month's statement



24

Last statement: January 31, 2014
 This statement: February 28, 2014


January 31, 2014 Page: 2

Other Payments/Subtractions

<u>Date</u>	<u>Description</u>	<u>Subtractions</u>
02-27	Cash Mgmt Trsfr Cr Ref 06789238 Funds Transfer to Dep	1,000.00
Total Other Payments/Subtractions		1,000.00

Daily Balances

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
01-31	7,001.88	02-14	5,006.36	02-27	3071.86
02-03	6,522.02	02-19	4,238.02	02-28	3071.86
02-13	6,017.02	02-20	3,941.34		

 Office of the Washington State Auditor 25

25


Last statement: March 31, 2014
 This statement: April 30, 2014

Deposits/Additions

<u>Date</u>	<u>Description</u>	<u>Additions</u>
04-01	Deposit	11,279.20
04-10	Deposit	875.00
04-18	Deposit	325.00
04-23	Deposit	8010.00
Total Deposits/Additions		\$20,489.20

Other Deposits/ Additions

<u>Date</u>	<u>Description</u>	<u>Additions</u>
04-30	Cash Mgmt Trsfr Cr Ref 063	1,000.00
Total Other Deposits/ Additions		\$1,000.00

 Office of the Washington State Auditor 26

26

A	Account number	9855392164	Beginning balance	\$269.58
	Low balance	\$269.58	Deposits/Additions	\$14,166.63
	Average balance	\$5,808.76	Withdrawals/Subtractions	\$10,187.89
	Interest earned	\$0.00	Ending balance	\$4,248.32
	Deposits/Additions			
	<u>Date</u>	<u>Description</u>		<u>Additions</u>
	11-03	Deposit		9,166.63
	11-07	Deposit		5,000.00
Total Deposits/Additions				\$14,166.63
B	Account number	9855392164	Beginning balance	\$142.01
	Low balance	-\$1,733.11	Deposits/Additions	\$6,168.21
	Average balance	\$151.36	Withdrawals/Subtractions	\$7,428.33
	Interest earned	\$0.00	Ending balance	-\$1,118.11
	Deposits/Additions			
	<u>Date</u>	<u>Description</u>		<u>Additions</u>
	11-07	Deposit		5,000.00
	11-12	Deposit		405.00
	11-26	Deposit		650.00
Total Deposits/Additions				\$6,055.00


Office of the Washington State Auditor 27

27

Account number	9855392164	Beginning balance	\$269.58
Low balance	\$269.58	Deposits/Additions	\$14,166.63
Average balance	\$5,808.76	Withdrawals/Subtractions	\$10,187.89
Interest earned	\$0.00	Ending balance	\$4,248.32
Deposits/Additions			
	<u>Date</u>	<u>Description</u>	<u>Additions</u>
	11-03	Deposit	9,166.63
	11-07	Deposit	5,000.00
Total Deposits/Additions			\$14,166.63

Office of the Washington State Auditor 28

28



City of Auditor Example
123 S. Auditor Dr.
Olympia, WA 99199

Pg. 1 of 2
Business Checking Account


Account Number: XXXXX0000P
Statement Period: Sept. 1, 2025 through Sept. 30, 2025

BUSINESS CHECKING ACCOUNT			
Account Summary			
Beginning Balance:	\$8,675,351.49	Average Balance:	\$ 8,683,048.17
Deposits/Credits/Additions:	\$ 550,991.41	Interest Earned:	\$ 0.00
Withdrawals/Debits/Subtractions:	\$ 533,798.05		
Ending Balance:	\$8,692,544.85		

Deposits/Credits/Additions			
Deposits/Credits			
Date	Description	Amount	
9-1	Deposit	\$ 1,456.23	
9-8	Deposit	\$ 1,236.09	
9-15	Deposit	\$ 1,684.57	
9-18	Electronic Deposit	\$ 10,653.00	
9-22	Deposit	\$ 1,377.14	
9-23	Electronic Deposit	\$ 7,329.45	
9-25	Credit - Bank Error Deposit 9-22	\$ 115.41	
9-29	Deposit	\$ 2,125.39	
9-29	ATM Deposit	\$ 550.00	
Total Deposits/Credits		\$ 26,527.28	

ACH and Electronic Credits/Additions			
Date	Description	Amount	
9-2	ACH Credit WA State HCA 20250902	\$ 179,401.62	
9-10	ACH Credit A.L. TrustAcct 20250910	\$ 79,399.58	
9-10	ACH Credit BigPharm Refund 20250910	\$ 215,431.50	
9-21	ACH Credit Waters of Amer QBInvoice 20250921	\$ 15,125.01	
9-25	ACH Credit IRS Refund 20250925	\$ 4,569.99	
9-28	ACH Credit WA State TREASURER ID9911443854 20250928	\$ 10,476.43	
Total ACH and Electronic Credits/Additions		\$ 504,464.13	

Introducing... City of Auditor Example



Office of the Washington State Auditor


29

29

“Follow the Money”

Step 3: Scan Deposits

Time	Monitoring task
8 mins (2 mins each check mark)	Scan deposits section <ul style="list-style-type: none"> ✓ Assess the overall bank account balance and your current financial condition. Possible red flag: Missing deposits if the account balance at any point during the statement period appears lower than expected. ✓ Evaluate the frequency of deposits and whether it meets your government's policies and expectations. ✓ Examine the dollar amounts deposited and whether they are whole-dollar amounts or include change. ✓ Consider spot-checking the month's total deposit amount on the statement to an accounting system report of total deposits recorded. Are any deposits missing from the bank but present in the system? Does the bank cash deposit amount of the deposit match the total cash receipt records for that day's deposit?



Office of the Washington State Auditor

30

30

Time	Monitoring task
8 mins (2 mins each check mark)	<p>Scan deposits section</p> <ul style="list-style-type: none"> ✓ Assess the overall bank account balance and your current financial condition. Possible red flag: Missing deposits if the account balance at any point during the statement period appears lower than expected. ✓ Evaluate the frequency of deposits and whether it meets your government's policies and expectations. ✓ Examine the dollar amounts deposited and whether they are whole-dollar amounts or include change. ✓ Consider spot-checking the month's total deposit amount on the statement to an accounting system report of total deposits recorded. Are any deposits missing from the bank but present in the system? Does the bank cash deposit amount of the deposit match the total cash receipt records for that day's deposit?



31

Deposits: Questions to ask

What activity and balance(s) do I expect to be here?

Was this a physical or electronic deposit?

Do you recognize the vendors or account numbers?



32

Deposits/Credits/Additions		
Deposits/Credits		
Date	Description	Amount
9-1	Deposit	\$ 1,456.23
9-8	Deposit	\$ 1,236.09
9-15	Deposit	\$ 1,684.57
9-18	Electronic Deposit	\$ 8,653.41
9-19	ATM Deposit	\$ 1,500.00
9-22	Deposit	\$ 1,377.14
9-23	Electronic Deposit	\$ 5,329.45
9-25	Credit - Bank Error Deposit 9-22	\$ 115.41
9-29	Deposit	\$ 2,125.39
9-29	Electronic Deposit	\$ 550.00
Total Deposits/Credits		\$ 24,027.69
ACH and Electronic Credits/Additions		
Date	Description	Amount
9-4	ACH Credit Benefit Solution Payment 20250904	\$ 96,598.66
9-6	ACH Credit doxoPay 20250906	\$ 286,400.17
9-14	ACH Credit IRS Refund 20250914	\$ 3,943.53
9-23	ACH Credit ZesikCollect 20250923	\$ 64,418.24
9-27	ACH Credit BigPharma Refund 20250927	\$ 8,763.89
9-29	ACH Credit WA State Treasurer ID99127384346 20250929	\$ 18,794.80
Total ACH and Electronic Credits/Additions		\$ 478,919.29



33

Deposits/Credits/Additions		
Deposits/Credits		
Date	Description	Amount
9-1	Deposit ← A	\$ 1,456.23
9-8	Deposit	\$ 1,236.09
9-15	Deposit	\$ 1,684.57
9-18	Electronic Deposit ← B	\$ 8,653.41
9-19	ATM Deposit ← C	\$ 1,500.00
9-22	Deposit	\$ 1,377.14
9-23	Electronic Deposit	\$ 5,329.45
9-25	Credit - Bank Error Deposit 9-22 ← D	\$ 115.41
9-29	Deposit	\$ 2,125.39
9-29	Electronic Deposit	\$ 550.00
Total Deposits/Credits		\$ 24,027.69



34

Deposits/Credits/Additions		
Deposits/Credits		
Date	Description	Amount
9-1	Deposit ← A	\$ 1,456.23
9-8	Deposit	\$ 1,236.09
9-15	Deposit	\$ 1,684.57
9-18	Electronic Deposit ← B	\$ 8,653.41
9-19	ATM Deposit ← C	\$ 1,500.00
9-22	Deposit	\$ 1,377.14
9-23	Electronic Deposit	\$ 5,329.45
9-25	Credit - Bank Error Deposit 9-22 ← D	\$ 115.41
9-29	Deposit	\$ 2,125.39
9-29	Electronic Deposit	\$ 550.00
Total Deposits/Credits		\$ 24,027.69



35

“Follow the Money”

Step 4: Scan Typical Withdrawals

Time	Monitoring task
10 mins	Scan typical withdrawal activity
(~ 2 mins each check mark)	<ul style="list-style-type: none"> ✓ Scan electronic transfer activity. Focus on account numbers where money has been transferred to. Verify that these are known bank accounts for your government. ✓ Examine ACH payment activity for reasonableness. Scan the vendor names listed: only expected vendors should receive ACH payments. ✓ Spot check ACH group (known as a batch) transactions by examining supporting bank transmittal receipts to see which vendors or employee payments were included in the batch. Double-check vendor bank account numbers on the transmittal receipt agree with the vendor bank account listed on file. ✓ Review debit card activity. Look at date, location, amount and vendor name. Examine supporting receipt records to determine what was purchased and the business purpose, and confirm they have been recorded in the accounting system.



36

Time	Monitoring task
10 mins (~ 2 mins each check mark)	Scan typical withdrawal activity <ul style="list-style-type: none"> ✓ Scan electronic transfer activity. Focus on account numbers where money has been transferred to. Verify that these are known bank accounts for your government. ✓ Examine ACH payment activity for reasonableness. Scan the vendor names listed: only expected vendors should receive ACH payments. ✓ Spot check ACH group (known as a batch) transactions by examining supporting bank transmittal receipts to see which vendors or employee payments were included in the batch. Double-check vendor bank account numbers on the transmittal receipt agree with the vendor bank account listed on file. ✓ Review debit card activity. Look at date, location, amount and vendor name. Examine supporting receipt records to determine what was purchased and the business purpose, and confirm they have been recorded in the accounting system.



37

Withdrawals: Questions to ask

What type of withdrawals do we typically have?

Do you recognize the vendors being paid?

Which accounts are the transfers out going to?



38

Withdrawals/Debits/Subtractions		
ACH and Electronic Payments/Debits		
Date	Description	Amount
9-1	ACH Debit Visa CC Payment 20250901	\$ 5,364.34
9-2	POS Debit Costco Fuel 9763 20250902	\$ 87.46
9-5	ACH Debit ACH Batch 7698345 20250905	\$ 23,197.68
9-12	ACH Debit County Public Hospital 20250912	\$ 771.52
9-12	POS Debit Amazon.com 6697 20250912	\$ 3,711.03
9-18	ACH Debit AT&T Wireless Payments 3276004 20250918	\$ 540.85
9-19	ACH Debit ACH Batch 759810 20250919	\$ 15,341.96
9-23	POS Debit Walmart 6697 20250923	\$ 100.64
9-24	ACH Debit City Autoplex 20250924	\$ 1,867.31
9-27	ACH Debit County Public Utility Acct0300015 20250927	\$ 62,363.10
9-29	ACH Debit Bank Lease Pymt 20250929	\$ 3,916.41
9-30	ACH Debit Visa Payment 20250930	\$ 250.00
Total ACH and Electronic Payments/Debits		\$ 117,512.30
Automatic Sweep Transfer/Subtractions		
Date	Description	Amount
9-2	Automatic Transfer Transfer to Investment Account Xxxx8302	\$ 75,000.00
9-2	Automatic Transfer Transfer to Business Checking Account Xxxx0103	\$ 75,611.56
9-7	Automatic Transfer Transfer to Investment Account Xxxx8302	\$ 6,550.00
9-12	Automatic Transfer Transfer to Business Checking Account Xxxx0103	\$ 32,144.71
9-16	Automatic Transfer Transfer to Business Checking Account Xxxx0103	\$ 14,893.05
9-16	Automatic Transfer Transfer to Operating Checking Account Xxxx0708	\$ 15,496.88
9-17	Automatic Transfer Transfer to Investment Account Xxxx6302	\$ 18,500.00
9-28	Automatic Transfer Transfer to Business Checking Account Xxxx0103	\$ 121,939.37
Total Automatic Sweep Transfer/Additions		\$ 360,135.57



39

Withdrawals/Debits/Subtractions		
ACH and Electronic Payments/Debits		
Date	Description	Amount
9-1	ACH Debit Visa CC Payment 20250901	\$ 5,364.34
9-2	POS Debit Costco Fuel 9763 20250902 ← A	\$ 87.46
9-5	ACH Debit ACH Batch 7698345 20250905	\$ 23,197.68
9-12	ACH Debit County Public Hospital 20250912 ← B	\$ 771.52
9-12	POS Debit Amazon.com 6697 20250912	\$ 3,711.03
9-18	ACH Debit AT&T Wireless Payments 3276004 20250918	\$ 540.85
9-19	ACH Debit ACH Batch 759810 20250919 ← C	\$ 15,341.96
9-23	POS Debit Walmart 6697 20250923	\$ 100.64
9-24	ACH Debit City Autoplex 20250924	\$ 1,867.31
9-27	ACH Debit County Public Utility Acct0300015 20250927	\$ 62,363.10
9-29	ACH Debit Bank Lease Pymt 20250929 ← D	\$ 3,916.41
9-30	ACH Debit Visa Payment 20250930	\$ 250.00
Total ACH and Electronic Payments/Debits		\$ 117,512.30



40

Withdrawals/Debits/Subtractions		
ACH and Electronic Payments/Debits		
Date	Description	Amount
9-1	ACH Debit Visa CC Payment 20250901	\$ 5,364.34
9-2	POS Debit Costco Fuel 9763 20250902 ← A	\$ 87.46
9-5	ACH Debit ACH Batch 7698345 20250905	\$ 23,197.68
9-12	ACH Debit County Public Hospital 20250912 ← B	\$ 771.52
9-12	POS Debit Amazon.com 6697 20250912	\$ 3,711.03
9-18	ACH Debit AT&T Wireless Payments 3276004 20250918	\$ 540.85
9-19	ACH Debit ACH Batch 759810 20250919 ← C	\$ 15,341.96
9-23	POS Debit Walmart 6697 20250923	\$ 100.64
9-24	ACH Debit City Autoplex 20250924	\$ 1,867.31
9-27	ACH Debit County Public Utility Acct0300015 20250927	\$ 62,363.10
9-29	ACH Debit Bank Lease Pymt 20250929 ← D	\$ 3,916.41
9-30	ACH Debit Visa Payment 20250930	\$ 250.00
Total ACH and Electronic Payments/Debits		\$ 117,512.30



41

Known City Accounts		
Investment Account - Xxxx8302		
Checking Account - Xxxx0103		
Checking Account - Xxxx0509		
Automatic Sweep Transfer/Subtractions		
Date	Description	Amount
9-2	Automatic Transfer Transfer to Investment Account Xxxx8302	\$ 75,000.00
9-2	Automatic Transfer Transfer to Business Checking Account Xxxx0103	\$ 75,611.56
9-7	Automatic Transfer Transfer to Investment Account Xxxx8302 ← A	\$ 6,550.00
9-12	Automatic Transfer Transfer to Business Checking Account Xxxx0103 ← B	\$ 32,144.71
9-16	Automatic Transfer Transfer to Business Checking Account Xxxx0103	\$ 14,893.05
9-16	Automatic Transfer Transfer to Operating Checking Account Xxxx0708 ← C	\$ 15,496.88
9-17	Automatic Transfer Transfer to Investment Account Xxxx6302 ← D	\$ 18,500.00
9-28	Automatic Transfer Transfer to Business Checking Account Xxxx0103	\$ 121,939.37
Total Automatic Sweep Transfer/Additions		\$ 360,135.57



42

Automatic Sweep Transfer/Subtractions

Date	Description	Amount
9-2	Automatic Transfer Transfer to Investment Account Xxx8302	\$ 75,000.00
9-2	Automatic Transfer Transfer to Business Checking Account Xxx0103	\$ 75,611.56
9-7	Automatic Transfer Transfer to Investment Account Xxx8302 ← A	\$ 6,550.00
9-12	Automatic Transfer Transfer to Business Checking Account Xxx0103 ← B	\$ 32,144.71
9-16	Automatic Transfer Transfer to Business Checking Account Xxx0103	\$ 14,893.05
9-16	Automatic Transfer Transfer to Operating Checking Account Xxx0708 ← C	\$ 15,496.88
9-17	Automatic Transfer Transfer to Investment Account Xxx6302 ← D	\$ 18,500.00
9-28	Automatic Transfer Transfer to Business Checking Account Xxx0103	\$ 121,939.37
Total Automatic Sweep Transfer/Additions		\$ 360,135.57



43

“Follow the Money”

Step 5: Scan Cash, Digital Apps & Fees

Time	Monitoring task
4-5 mins	Scan cash withdrawals, digital payment app transactions and fees <ul style="list-style-type: none"> ✓ (2min) Scrutinize any cash withdrawal transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. ✓ (1min) Scrutinize any digital payment app transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. ✓ (1min) Look for any fees or charges applied on the account and whether they appear reasonable. Late fees or penalties should be rare.



44

Time	Monitoring task
4-5 mins	<p>Scan cash withdrawals, digital payment app transactions and fees</p> <ul style="list-style-type: none"> ✓ (2min) Scrutinize any cash withdrawal transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. ✓ (1min) Scrutinize any digital payment app transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. ✓ (1min) Look for any fees or charges applied on the account and whether they appear reasonable. Late fees or penalties should be rare.



45

Cash activity: Questions to ask

Who withdrew the cash and why?

Where did the cash go once it was withdrawn?

Is there support to show how the cash was used?



46

Watch out for cash withdrawals!

Other Withdrawals/Subtractions		
Date	Description	Subtractions
08-03	OTC Withdrawal	516.00
08-03	OTC Withdrawal	1,500.00
08-03	Debit Memo	20,000.00
08-26	OTC Withdrawal	1,000.00
08-26	Debit Memo	20,000.00
08-31	OTC Withdrawal	370.00
Total Other Withdrawals/Subtractions		\$43,386.00



Office of the Washington State Auditor

47

Watch out for cash withdrawals!

Other Withdrawals/Subtractions		
Date	Description	Subtractions
02-10	ATM Withdrawal Cash Withdrawal Terminal Cpsu0635 12888 88th Ave SW Rochester WA	500.00
02-10	ATM Surcharge Surcharge Amount Terminal Cpsu0635 12888 88th Ave SW Rochester WA	2.00
02-21	ATM Withdrawal Cash Withdrawal Terminal Cpsu0635 12888 88th Ave SW Rochester WA	500.00
02-21	Deposit Adj Debit 0220 Ee Ck 2024	.02
02-21	ATM Surcharge Surcharge Amount Terminal Cpsu0635 12888 88th Ave SW Rochester WA	2.00



Office of the Washington State Auditor

48

Time	Monitoring task
4-5 mins	<p>Scan cash withdrawals, digital payment app transactions and fees</p> <ul style="list-style-type: none"> ✓ (2min) Scrutinize any cash withdrawal transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. ✓ (1min) Scrutinize any digital payment app transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. ✓ (1min) Look for any fees or charges applied on the account and whether they appear reasonable. Late fees or penalties should be rare.



49

Digital payment apps: Questions to ask

Who made the transaction?

Why was the purchase made with this method?

Do you recognize the vendor?



50

Watch out for digital payment apps!

4/01	██████████ L WA C# ██████████ DBT CRD ██████████ 04/01/25 ██████████ PAYPAL *BABYLISTINC	146.45-
2/13	Amzn.com/billWA C# ██████████ DBT CRD ██████████ 02/13/25 ██████████ PAYPAL *AVQSOFTWARE	79.68-
12/30	☺ DBT CRD ██████████ 12/29/24 ██████████ PAYPAL *SHOPNEW420	4.30-



Office of the Washington State Auditor

51

51

Watch out for digital payment apps!

PAYPAL *SPOTIFYUSAJ	\$10.75
PAYPAL *DISNEY PLUS	\$21.79
PAYPAL *PYPL PAYIN4	\$50.33



Office of the Washington State Auditor

52

52

Watch out for digital payment apps!

03/28	ATM POS Debit Purchase	IC* INSTACART	50 BEALE STREET, 6TH FL8882467822 CAUS	220.00
03/28	ATM POS Debit Purchase	IC* INSTACART	50 BEALE STREET, 6TH FL8882467822 CAUS	16.15

CASH APP*ENVY		\$103.00
CASH EQUIV FEE	07 103.00	\$15.00

5/28	DBT CRD	05/26/24	152.37-
	SQ *BEARPAW CARVINGS		
6/27	DBT CRD	06/27/24	50.00-
	SQ *SELKIRK SUN		



53

Time	Monitoring task
4-5 mins	<p>Scan cash withdrawals, digital payment app transactions and fees</p> <ul style="list-style-type: none"> ✓ (2min) Scrutinize any cash withdrawal transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. ✓ (1min) Scrutinize any digital payment app transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. ✓ (1min) Look for any fees or charges applied on the account and whether they appear reasonable. Late fees or penalties should be rare.



54

Bank fees and charges: Questions to ask

What caused the fee or charge to the account?

Is the amount constant or changing?

Does the fee indicate a larger issue?



55

Other Withdrawals/Subtractions

Date	Description	Subtractions
02-10	ATM Withdrawal Cash Withdrawal Terminal Cpsu0635 12888 88th Ave SW Rochester WA ██████████	500.00
02-10	ATM Surcharge Surcharge Amount Terminal Cpsu0635 12888 88th Ave SW Rochester WA ██████████	2.00
02-21	ATM Withdrawal Cash Withdrawal Terminal Cpsu0635 12888 88th Ave SW Rochester WA ██████████	500.00
02-21	Deposit Adj Debit 0220 Ee Ck 2024	.02
02-21	ATM Surcharge Surcharge Amount Terminal Cpsu0635 12888 88th Ave SW Rochester WA ██████████	2.00



56

Withdrawals/Debits/Subtractions		
Withdrawals/Debits		
Date	Description	Amount
9-8	Cash Withdrawal Terminal 991999 63295 N Jackson Olympia WA	\$ 150.00
9-8	ATM Surcharge Amount Terminal 991999	\$ 3.00
9-21	Cash Withdrawal Terminal 679468 999 W Main Street Olympia WA	\$ 75.00
9-30	Account Service Fee	\$ 25.00
Total Withdrawals/Debit		\$ 253.00
ACH and Electronic Payments/Debits		
Date	Description	Amount
9-1	ACH Debit Visa CC Payment 20250901	\$ 5,364.34
9-5	ACH Debit ACH Batch 7698345 20250905	\$ 23,197.68
9-11	SQ *Background Service Check 20250911	\$ 864.11
9-12	ACH Debit County Public Hospital 20250912	\$ 771.52
9-12	ACH Debit Amazon.com 6697 20250912	\$ 3,711.03
9-18	ACH Debit AT&T Wireless Payments 3276004 20250918	\$ 540.85
9-23	Paypal *GovernmentContracting.com 20250923	\$ 741.05
9-24	ACH Debit City Autoplex 20250924	\$ 1,867.31
9-27	ACH Debit County Public Utility Acct0300015 20250927	\$ 22,363.10
9-29	ACH Debit Bank Lease Pymt 20250929	\$ 3,916.41
9-30	ACH Debit NorthWest Communications 20250930	\$ 2,648.98
9-30	ACH Return Fee	\$ 15.00
Total ACH and Electronic Payments/Debits		\$ 66,001.38



57


Withdrawals/Debits		
Date	Description	Amount
9-8	Cash Withdrawal Terminal 991999 63295 N Jackson Olympia WA ← A	\$ 150.00
9-8	ATM Surcharge Amount Terminal 991999	\$ 3.00
9-21	Cash Withdrawal Terminal 679468 999 W Main Street Olympia WA ← B	\$ 75.00
9-30	Account Service Fee	\$ 25.00
Total Withdrawals/Debit		\$ 253.00



58

Withdrawals/Debits


<u>Date</u>	<u>Description</u>	<u>Amount</u>
9-8	Cash Withdrawal Terminal 991999 63295 N Jackson Olympia WA ← A	150.00
9-8	ATM Surcharge Amount Terminal 991999	\$ 3.00
9-21	Cash Withdrawal Terminal 679468 999 W Main Street Olympia WA ← B	75.00
9-30	Account Service Fee	\$ 25.00
Total Withdrawals/Debit		\$ 253.00


Office of the Washington State Auditor
59

59

ACH and Electronic Payments/Debits


<u>Date</u>	<u>Description</u>	<u>Amount</u>
9-1	ACH Debit Visa CC Payment 20250901 ← A	\$ 5,364.34
9-5	ACH Debit ACH Batch 7698345 20250905	\$ 23,197.68
9-11	SQ *Background Service Check 20250911 ← B	\$ 864.11
9-12	ACH Debit County Public Hospital 20250912	\$ 771.52
9-12	ACH Debit Amazon.com 6697 20250912	\$ 3,711.03
9-18	ACH Debit AT&T Wireless Payments 3276004 20250918	\$ 540.85
9-23	Paypal *GovernmentContracting.com 20250923 ← C	\$ 741.05
9-24	ACH Debit City Autoplex 20250924	\$ 1,867.31
9-27	ACH Debit County Public Utility Acct0300015 20250927	\$ 22,363.10
9-29	ACH Debit Bank Lease Pymt 20250929 ← D	\$ 3,916.41
9-30	ACH Debit NorthWest Communications 20250930	\$ 2,648.98
9-30	ACH Return Fee	\$ 15.00
Total ACH and Electronic Payments/Debits		\$ 66,001.38


Office of the Washington State Auditor
60

60

ACH and Electronic Payments/Debits

<u>Date</u>	<u>Description</u>	<u>Amount</u>
9-1	ACH Debit Visa CC Payment 20250901 ← A	\$ 5,364.34
9-5	ACH Debit ACH Batch 7698345 20250905	\$ 23,197.68
9-11	SQ *Background Service Check 20250911 ← B	\$ 864.11
9-12	ACH Debit County Public Hospital 20250912	\$ 771.52
9-12	ACH Debit Amazon.com 6697 20250912	\$ 3,711.03
9-18	ACH Debit AT&T Wireless Payments 3276004 20250918	\$ 540.85
9-23	Paypal *GovernmentContracting.com 20250923 ← C	\$ 741.05
9-24	ACH Debit City Autoplex 20250924	\$ 1,867.31
9-27	ACH Debit County Public Utility Acct0300015 20250927	\$ 22,363.10
9-29	ACH Debit Bank Lease Pymt 20250929 ← D	\$ 3,916.41
9-30	ACH Debit NorthWest Communications 20250930	\$ 2,648.98
9-30	ACH Return Fee	\$ 15.00
Total ACH and Electronic Payments/Debits		\$ 66,001.38



Office of the Washington State Auditor


61

61

“Follow the Money”

Step 6: Scan Check Withdrawals

Time	Monitoring task
3-4 mins	<p>Scan check withdrawals</p> <ul style="list-style-type: none"> ✓ (2min) Review list of cleared checks, scanning the dollar amount of the checks. Question whole-dollar amounts, volume of checks and reason for nonsequential checks. Examine supporting records to determine the purpose of the payment and whether it was properly authorized. ✓ (1min) Review list of voided checks and ensure none of the check numbers listed show as having cleared. Research any discrepancies.



Office of the Washington State Auditor

62

62

Time	Monitoring task
3-4 mins	<p>Scan check withdrawals</p> <ul style="list-style-type: none"> ✓ (2min) Review list of cleared checks, scanning the dollar amount of the checks. Question whole-dollar amounts, volume of checks and reason for nonsequential checks. Examine supporting records to determine the purpose of the payment and whether it was properly authorized. ✓ (1min) Review list of voided checks and ensure none of the check numbers listed show as having cleared. Research any discrepancies.



63

Check Withdrawals - Questions to ask

Who can set up or authorize check payments?

Does the volume of checks make sense?

Have any checks been voided?



64

Ck#	Amount	Date	Ck#	Amount	Date
1304	2085.45	03-13	*1322	200.00	03-12
1305	200.00	03-14	1323	868.99	03-28
1306	400.00 ← A	03-06	*1325	500.00	03-12
1307	300.00	03-17	1326	80.26	03-10
*1309	150.00 ← B	03-12	*1328	1990.00	03-12
*1311	869.48	03-14	1329	84.00	03-12
1312	1,287.00	03-06	1330	180.00	03-12
1313	500.00	03-12	1332	200.00	03-28
1314	39.99	03-24			
*1315	141.18 ← C	03-18	Total Checks Paid: 20 for \$12,167.95		
1316	91.60	03-07	(* Skip in check sequence, R-Check has been returned, + E)		
1317	2000.00	03-17			



65

Ck#	Amount	Date	Ck#	Amount	Date
1304	2085.45	03-13	*1322	200.00	03-12
1305	200.00	03-14	1323	868.99	03-28
1306	400.00 ← A	03-06	*1325	500.00	03-12
1307	300.00	03-17	1326	80.26	03-10
*1309	150.00 ← B	03-12	*1328	1990.00	03-12
*1311	869.48	03-14	1329	84.00	03-12
1312	1,287.00	03-06	1330	180.00	03-12
1313	500.00	03-12	1332	200.00	03-28
1314	39.99	03-24			
*1315	141.18 ← C	03-18			
1316	91.60	03-07			
1317	2000.00	03-17			



66

“Follow the Money” Approach

The 30-minute Follow the Money approach

Set your timer and get ready to improve your government's banking health!

If this is a relatively new practice for you, review the “What your bank statement is telling you” sections earlier in this handbook to refresh your memory about what kinds of questions you should ask yourself if a transaction looks a little – or a lot – unusual.

Time	Monitoring task	Notes from review
2 mins	Know the source of records, check the box that applies: <input type="checkbox"/> Used online bank access to print own copy <input type="checkbox"/> Received in mail and opened myself <input type="checkbox"/> Someone other than the bank emailed me a copy <input type="checkbox"/> Someone other than the bank provided me a hard copy	
0.5 Mins *Skip if original bank statements obtained.	Assess risk for alteration by reviewing for: 1. Inconsistent formatting or alignment of rows, sections or columns 2. Missing or blank pages 3. Mathematical errors. Last month's ending balance statement should be the same as the beginning balance of the new month's statement	
8 mins 0.2 mins each check mark	Scan deposits section <input checked="" type="checkbox"/> Assess the overall bank account balance and your current financial condition. Possible red flag: Missing deposits if the account balance at any point during the statement period appears lower than expected. <input checked="" type="checkbox"/> Evaluate the frequency of deposits and whether it meets your government's policies and expectations. <input checked="" type="checkbox"/> Examine the dollar amounts deposited and whether they are whole-dollar amounts or include change. <input checked="" type="checkbox"/> Consider spot-checking the month's total deposit amount on the statement to an accounting system report of total deposits recorded. Are any deposits missing from the bank but present in the systems? Does the bank cash deposit amount of the deposit match the total cash receipt records for that day's deposit?	

Reviewing Local Government Bank Statements | 20

Time	Monitoring task	Notes from review
10 mins 0-2 mins each check mark	Scan typical withdrawal activity <input checked="" type="checkbox"/> Scan electronic transfer activity. Focus on account numbers where money has been transferred to. Verify that these are known bank accounts for your government. <input checked="" type="checkbox"/> Examine ACH payment activity for reasonableness. Scan the vendor names listed; only expected vendors should receive ACH payments. <input checked="" type="checkbox"/> Spot check ACH group (known as a batch) transactions by examining supporting bank transmittal receipts to see which vendors or employee payments were included in the batch. Double-check vendor bank account numbers on the transmittal receipt agree with the vendor bank account listed on file. <input checked="" type="checkbox"/> Review debit card activity. Look at date, location, amount and vendor name. Examine supporting receipt records to determine what was purchased and the business purpose, and confirm they have been recorded in the accounting system.	
4-5 mins	Scan cash withdrawals, digital payment app transactions and fees <input checked="" type="checkbox"/> (1min) Scrutinize any cash withdrawal transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. <input checked="" type="checkbox"/> (1min) Scrutinize any digital payment app transactions. Review underlying support to determine the purpose or need for this type of activity, which should be rare. <input checked="" type="checkbox"/> (1min) Look for any fees or charges applied on the account and whether they appear reasonable. Late fees or penalties should be rare.	
3-4 mins	Scan check withdrawals <input checked="" type="checkbox"/> (2min) Review list of cleared checks, scanning the dollar amount of the checks. Question whole-dollar amounts, volume of checks and reason for nonsensical checks. Examine supporting records to determine the purpose of the payment and whether it was properly authorized. <input checked="" type="checkbox"/> (1min) Review list of voided checks and ensure none of the check numbers listed show as having cleared. Research any discrepancies.	

Reviewing Local Government Bank Statements | 21



67

I found a red flag! Now what?

1. Research the transaction further
 - o Make a list and inquire with employee(s)
 - o Pull the original documentation or call the bank directly
2. Notify SAO (RCW 43.09.185)
 - o Protect records, notify need-to-knows, and remove access



I found a red flag...what now?



68

Additional Resources

Audit connection blog

Best practices for bank reconciliations

Trust, but verify guide



Office of the Washington State Auditor

69



Bank statement review guide



Office of the Washington State Auditor

70

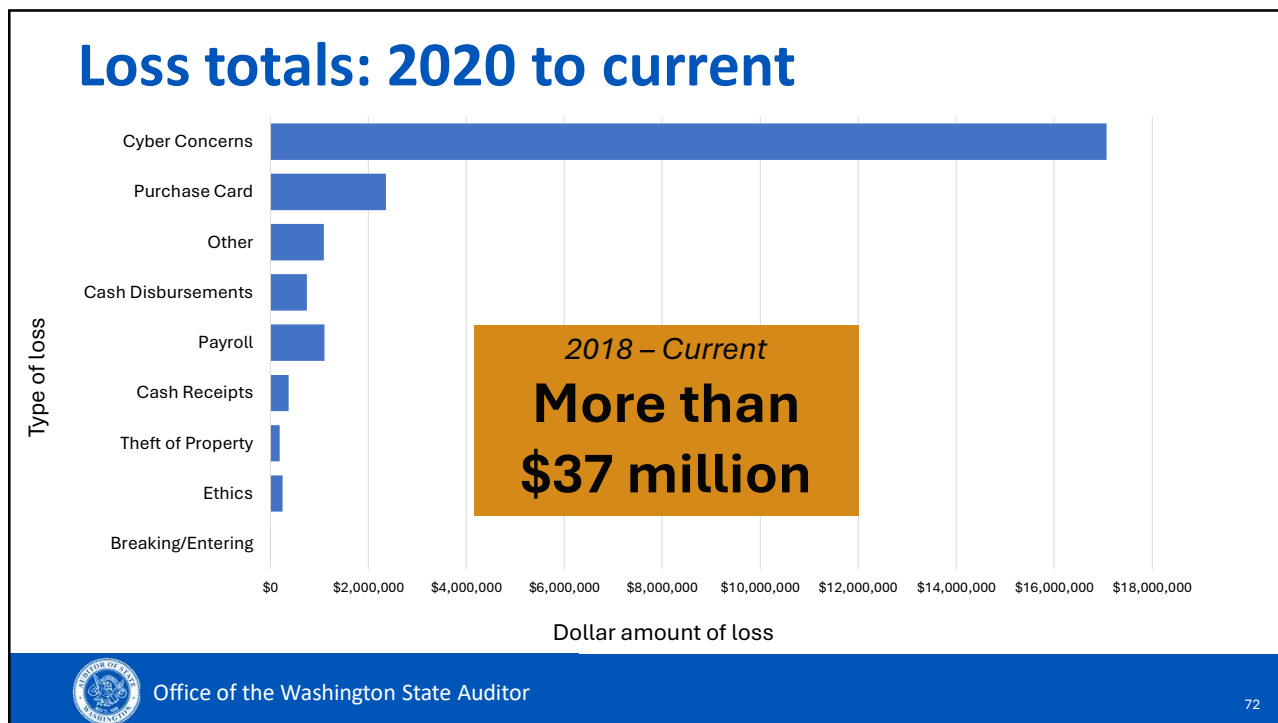


Rapid fire red flags

Office of the Washington State Auditor

71

71



72



New poster!



**Change Payment Requests:
SIX SIGNS
of a SCAM**

1. Beware of certain banks
2. "Kindly" look for certain language
3. Double-check the check
4. Show some love to that @gov email address
5. Question new requests submitted in new ways
6. Obey the speed limit

Go to www.sao.wa.gov/improving-government/preventing-fraud for more resources

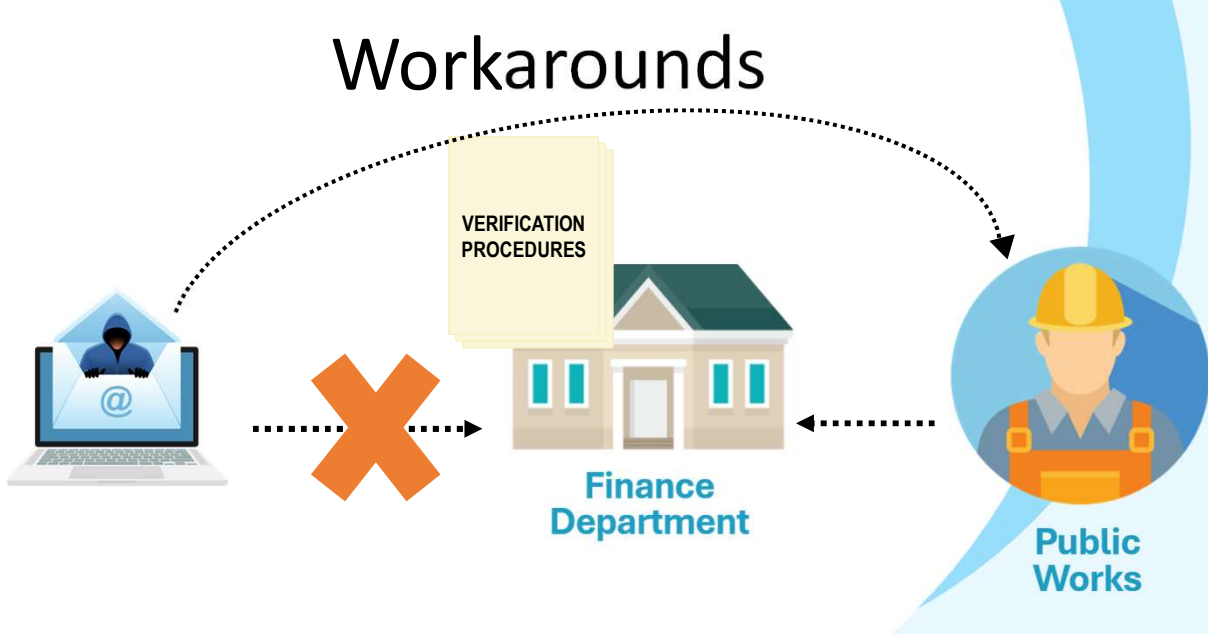


Office of the Washington State Auditor

73

73


Workarounds



VERIFICATION PROCEDURES

Finance Department

Public Works



Office of the Washington State Auditor

74 74

74

Workarounds



75

Ok, thanks for the heads up [redacted]. Kindly call back the \$2,870 and \$897.80 payment for the previous invoice. We are having troubles accessing the funds. I will send you another operating account to receive payment. Sorry for the inconvenience.

Thanks, and have a great day!

Attached is our ACH Bank Instruction. Kindly advise if payment will be made tomorrow May 11. We are trying to clear up outstanding invoices.

I would appreciate it if you can set up ACH. Kindly let me know. Thank you

Can you kindly hold the payment as we perform an internal audit.

Kindly forward me an ACH/EFT vendors form.

I received some news about the \$40,000 remittance made a few days ago, indicating that it was returned to the sender and as a result the account was closed. Please kindly confirm that you have received these funds back and send a new form for our updated ACH details.

Kindly send over any form you would like us to fill out to make this switch.

Please disregard the previous email. You may proceed with the ACH payment using the GoBank details. Kindly advise if payment will be made tomorrow May 11. We are trying to clear up outstanding invoices.

Yesterday, I spoke to you over the phone about the amounts and dates I received from you in 2024, and everything you mentioned matched our records. However, you mentioned that \$40,000 was sent via ACH to APCC on May 30. If possible, could you kindly share the last four digits of the account number to which the funds were sent?

Please find the attached signed and completed EFT form. Kindly notify me once our vendor record has been updated.

I have attached the bank form containing the new banking information. Kindly make the changes for me.

I want to update my account information in the system for the next payroll run as I recently changed my financial institution. Can I email you the new bank information and a voided check to have the details update? Kindly let me know the payroll date the change would be effective for after making changes. Also let me know how to proceed.

We received mail from our bank this morning that there is some update that needed to be done and we gotten that fixed now. Our bank remain in the same as Bank Of America but routing number and account number has changed. Kindly acknowledge the receipt of this email, to allow me forward you our updated Routing number and Account number.



76

Regarding the outstanding invoices. Can you kindly hold the payment as we perform an internal audit.

We would be using our subsidiary "company account" to receive all further payments via WIRE or ACH. Kindly advise when this payment will be made so that I can send our bank details for further payments.

Hello Andrea,
Kindly find attached ACH Banking Instruction for payment.

I want to update my account information in the system for the next payroll run as I recently changed my financial institution. Can I email you the new bank information and a voided check to have the details updated? Kindly let me know the payroll date the change would be effective for after making changes. Also let me know how to proceed.

Can you kindly resubmit the payment via ACH Kindly notify me once our vendor record has been updated.

Kindly confirm as soon as the payment has been sent, Sorry for the inconvenience. Kindly make the changes for me.


Kindly remit payment to our operating account attached. Kindly get back to me regarding pre-note.

Also kindly update your records for future payment. Kindly acknowledge the receipt of this email, Kindly let me know once it is done.

Kindly let us know once the change has been completed. Kindly get back to me regarding pre-note. Kindly send over any form

Kindly call back the \$2,870 Kindly find attached Direct Deposit from and Void Check Kindly advise if payment will be made

Kindly advise if the payment was sent to the Gobank account attached or the GreenDot Bank account

 Office of the Washington State Auditor 77

77

GreenDot Bank

Account Information

Name of Financial Institution: Greendot Bank

Routing Number: [REDACTED]

Account Number: [REDACTED] Checking | Savings

DEPOSITORY NAME: GREENDOT BANK

ROUTING NUMBER: [REDACTED] ACCOUNT NUMBER: [REDACTED]

FINANCIAL INSTITUTION NAME: Green dot bank

Account Type: Checking

Bank Name: GREEN DOT BANK

I will like the entire check to be paid into my new account

I apologize for the mistake on our end. The bank con details for GreenDot Bank;

Bank Name: GreenDot Bank

Beneficiary Name: Water & Wastewater Services, LLC

Name of Financial Institution: Greendot Bank

DEPOSITORY NAME: Greendot Bank

CITY: Pasadena

Bank name: Green Dot Bank

Bank routing number: [REDACTED]

GREEN DOT BANK

Bank Name: GoBank

Bank Address: Bristow, VA

GREEN DOT BANK

Routing Number: [REDACTED]

Checking Account Number: [REDACTED]

Financial Institution: Green Dot Bank

Name: [REDACTED] Bank name: Green Dot Bank

FINANCIAL INSTITUTION NAME: Green dot bank

ROUTING: [REDACTED]

ACCOUNT #: [REDACTED]


green dot

May 10, 2021

To Whom It May Concern:

This is to confirm the account number, Routing Number and GreenDot Bank Details for WATER & WASTEWATER SERVICES, LLC

Bank Name: GreenDot bank

 Office of the Washington State Auditor 78

78



Rapid fire red flags

Credit cards

- Fees and fines
- ATM withdrawals
- Digital payment apps
- Overpaying the credit card



PAST DUE AMOUNT	\$0.00
OVERLIMIT AMOUNT	\$0.00
CREDIT LIMIT	\$500
AVAILABLE CREDIT	\$500
STATEMENT CLOSING DATE	01/02/2023
DAYS IN BILLING CYCLE	31

Card Limit

Max Spending: \$500



ACCOUNT SUMMARY	
PREVIOUS BALANCE	-\$12,058.69
- PAYMENTS	\$63,214.62
- OTHER CREDITS	\$0.00
+ PURCHASES	\$46,170.03
+ OTHER DEBITS	\$0.00
+ CASH ADVANCES	\$0.00
+ FEES CHARGED	\$0.00
+ INTEREST CHARGED	\$0.00
NEW BALANCE	-\$29,103.28
PAST DUE AMOUNT	\$0.00
OVERLIMIT AMOUNT	\$0.00
CREDIT LIMIT	\$500
AVAILABLE CREDIT	\$500
STATEMENT CLOSING DATE	01/02/2023
DAYS IN BILLING CYCLE	31

Office of the Washington State Auditor

81

81

Credit Card Account

TRAN DATE	POST DATE	DESCRIPTION	AMOUNT
12/05	12/05	UPHOLD NEW YORK NY	\$550.00
12/05	12/06	TOYOTA TIS TECH SERV 800-892-9650 WI	\$65.00
12/05	12/06	UPHOLD NEW YORK NY	\$218.00
12/06	12/06	UPHOLD NEW YORK NY	\$600.00
12/06	12/06	UPHOLD NEW YORK NY	\$300.00
12/07	12/07	STAMPS.COM 855-608-2677 TX	\$0.00
12/07	12/07	PAYMENT - THANK YOU LIBERTY LAKE WA	-\$1,700.00
12/07	12/07	PAYMENT - THANK YOU LIBERTY LAKE WA	-\$1,600.00
12/07	12/07	PAYMENT - THANK YOU LIBERTY LAKE WA	-\$900.00
12/07	12/08	PAYPAL *SHERLOCKMIC CA	\$544.95
12/08	12/08	PAYMENT - THANK YOU LIBERTY LAKE WA	-\$1,800.00
12/07	12/09	PAYPAL *LMSERVAS CA	\$772.05
12/07	12/09	PAYPAL *LMSERVAS CA	\$617.70
12/08	12/09	PAYPAL *LMSERVAS CA	\$1,029.30
12/09	12/09	PAYMENT - THANK YOU LIBERTY LAKE WA	-\$1,800.00
12/10	12/10	PAYMENT - THANK YOU LIBERTY LAKE WA	-\$1,900.00
12/10	12/10	PAYMENT - THANK YOU LIBERTY LAKE WA	-\$1,100.00
12/10	12/10	PAYMENT - THANK YOU LIBERTY LAKE WA	-\$800.00
12/08	12/11	PAYPAL *LMSERVAS CA	\$823.50
12/08	12/11	PAYPAL *LMSERVAS CA	\$545.67
12/09	12/11	PAYPAL *LMSERVAS CA	\$835.85
12/09	12/11	PAYPAL *LMSERVAS CA	\$926.40
12/10	12/11	PAYPAL *LMSERVAS CA	\$1,080.75
12/11	12/11	PAYMENT - THANK YOU LIBERTY LAKE WA	-\$1,800.00
12/10	12/12	PAYPAL *LMSERVAS CA	\$1,440.90
12/11	12/12	PAYPAL *LMSERVAS CA	\$1,247.45


Bank transfer in

PayPal out

Office of the Washington State Auditor

82


82



Cash receipting

- Mode of payment does not agree between receipts and the deposit (check for cash substitution scheme risks).
 - Especially when the government has sources of unexpected revenue.

Rapid fire red flags




Office of the Washington State Auditor


83

83


Check-for-cash substitution scheme




Unanticipated check arrives




Employee waits for cash payment to come in from a customer



Employee pockets cash received from customer



Employee applies unanticipated check to customer's account



Office of the Washington State Auditor

84

84

Case Study

Bank image of check shows			
Payee	Date	Check No.	Amt
Centurytel, Inc	1/16/2017	0009105156	\$584.75

System shows			
Payee	Posting Date	Check No.	Amt
CM Receipt Number 122933 - Century Link	1/23/2017	1055016	\$ 33.93
		Difference	\$550.82

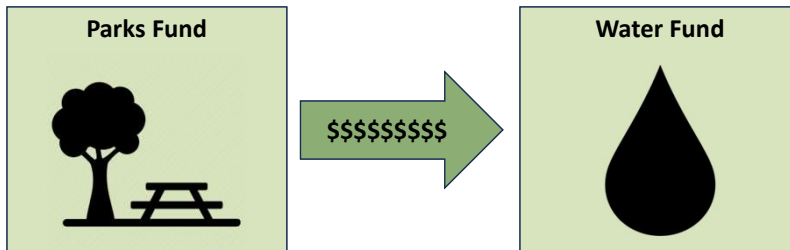
No check images available			
Payee	Posting Date	Check No.	Amt
Utility customer #1	1/23/2017	2797	251.84
Utility customer #2	1/23/2017	4102	118.98
Utility customer #3	1/23/2017	1162	180
		Total	\$550.82



85

One fund paying another

Option 1: Journal entry
Option 2: Cut a check



86

CLAIM VOUCHER
CITY OF MORTON, WASHINGTON 98356

WARRANT NO. 21410.

STATE OF WASHINGTON
COUNTY OF LEWIS

I, the undersigned do hereby certify under penalty of perjury, that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the City of Morton, and that I am authorized to authenticate and certify to said claim.

Jamara Clancy
City Clerk-Treasurer Auditing Officer 1-15-14
Date Approved

INVOICE NUMBER	INVOICE DATE	SCHEDULED PAYMENT DATE	ACCOUNT NUMBER	DESCRIPTION	AMOUNT
Audit Period 12-12	1/23/2014	1/15/2014	001-000-100-514-23-41-00	State Audit	\$1,880.00
Invoice Total:					\$1,880.00
Vendor Total:					\$1,880.00

State Auditor's Office
Legislative Building P. o. Box 40021
Olympia WA 98504-0021

OR THE ITEMS INDICATED BELOW:

CLAIM VOUCHER
CITY OF MORTON, WASHINGTON 98356

WARRANT NO. 21410.

STATE OF WASHINGTON
COUNTY OF LEWIS


I, the undersigned do hereby certify under penalty of perjury, that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the City of Morton, and that I am authorized to authenticate and certify to said claim.

Jamara Clancy
City Clerk-Treasurer Auditing Officer 1-15-14
Date Approved

INVOICE NUMBER	INVOICE DATE	SCHEDULED PAYMENT DATE	ACCOUNT NUMBER	DESCRIPTION	AMOUNT
Audit Period 12-12	1/23/2014	1/15/2014	001-000-100-514-23-41-00	State Audit	\$1,880.00
Invoice Total:					\$1,880.00
Vendor Total:					\$1,880.00

State Auditor's Office
Legislative Building P. o. Box 40021
Olympia WA 98504-0021

OR THE ITEMS INDICATED BELOW:




Office of the Washington State Auditor

89

89

Example: Similar transaction reference

Print Date	Vendor	Description	Reference	Amount
10/15/2018	Gray & Osborne, Inc.	Engineer Ecology Project 53	proj 15004.00 inv 26	\$3,125.01
11/20/2018	Gray & Osborne, Inc.	Engineer Ecology Project 53	15004.26	\$3,125.01



Office of the Washington State Auditor

90

90

- WARNING - ORIGINAL DOCUMENT CONTAINS SECURITY FEATURES - SEE BACK FOR DETAILS -

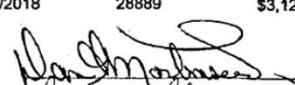
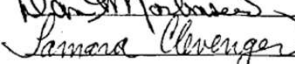
CITY OF MORTON
 P.O. BOX 1089 (360) 496-6881
 MORTON, WA 98356

96-505
1232
 1-866-4UMPUWA
(1-866-466-7782)
 UMPQUA BANK


Check Number: **028889**

Three Thousand One Hundred Twenty-Five and 1/100's Dollars

PAY TO THE ORDER OF	DATE	CHECK NO.	AMOUNT
Gray & Osborne, Inc. 1130 Rainier Ave South #300 Seattle WA 98144	10/15/2018	28889	\$3,125.01


 MAYOR

 CLERK

[REDACTED]

 Office of the Washington State Auditor

91

91

- WARNING - ORIGINAL DOCUMENT CONTAINS SECURITY FEATURES - SEE BACK FOR DETAILS -

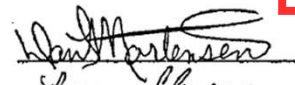
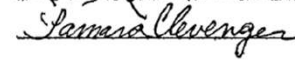
CITY OF MORTON
 P.O. BOX 1089 (360) 496 6881
 MORTON, WA 98356

96 505
1232
 1 866-4UMPUWA
(1-866-466 7782)
 UMPQUA BANK


Check Number: **029026**

One Thousand Five Hundred Fifty Eight and 98/100's Dollars

PAY TO THE ORDER OF	DATE	CHECK NO.	AMOUNT
Tamara D Clevenger Morton Wa 98356	11/14/2018	29002	\$1 558 98


 MAYOR

 CLERK

[REDACTED]

 Office of the Washington State Auditor

92

\$3,125

92

Resource library

Segregation of Duties
Essential Internal Controls
Why it matters
How to get started
Helpful hints for small governments
Plus, self-assessments and checklists

EXPECT THE UNEXPECTED
How to protect unanticipated revenue from fraud

Trust, but verify:
A guide for elected officials & appointed boards to prevent fraud
Look inside for our special pullout with three simple techniques to detect fraud

Making It Easy to Report Concerns
The Association of Certified Fraud Examiners' 2022 Report to the Nations indicated that organizations with hotlines detected fraud by tip more often than those that did not have a hotline.

Office of the Washington State Auditor

Office of the Washington State Auditor

93

93

Subscribe to SAO's e-newsletter

Two ways to sign up:

1. Via SAO's website at sao.wa.gov
2. Use the QR code below:

In the KNOW with SAO
Your report for year 2023 is due by May 29.
Filing on time is #GoodGovernment

Timing Matters
Click here for Filing FAQ

Audit Connection
Greetings WASHU 2022
Describing a special Audit Connection newsletter just for schools and school districts
As part of our participation in this week's Washington Association of School Business Officials (WASBO) annual conference in Tacoma, we've assembled a special, filled with the latest news on financial reporting and auditing issues specifically for schools and school districts.
This interactive and printable PDF includes tools and resources to help improve your school district's internal controls, detect and more. #ToolsForSchools
A syllabus of top SAO resources and articles for school districts



Office of the Washington State Auditor

94

94

Questions?

Brandi Pritchard
Assistant Director of Special Investigations
Fraud@sao.wa.gov



Office of the Washington State Auditor

95