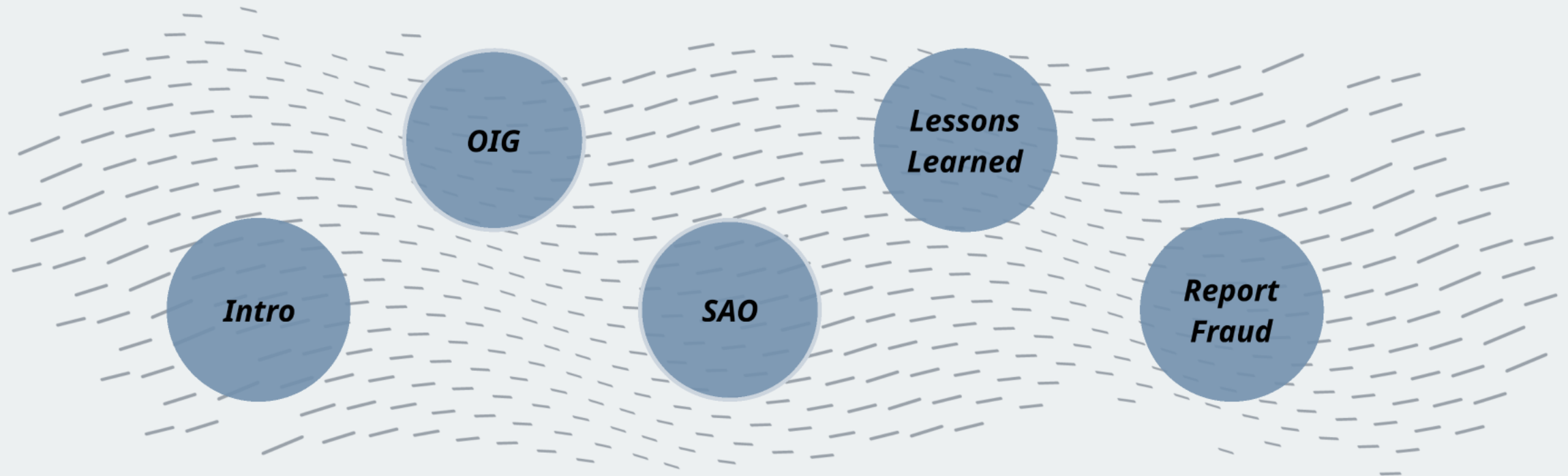


# OIG and SAO Present: Mitigating Fraud w/ Control and Security



***Georgia's Trusted Provider of  
Enterprise Business Solutions***



***Georgia's Watchdog for Fraud,  
Waste, Abuse, and Corruption***

# ***Presenters***



Nigel Lange  
Inspector General



Richard Schneider  
Deputy I.G.



Ian Sperin  
OIG Investigator



Rachael Krizanek  
SAO - Director  
Internal Controls and Policy

***Agenda***

# ***Agenda***

- Introduction to GA-OIG
- Introduction to SAO
- Lessons Learned: OIG Case Studies with Internal Control Commentary
- How to Report Fraud to GA-OIG

# ***Georgia - OIG***

Established via Executive Order in 2003 (Gov. Purdue).

Gained statutory and law enforcement authority in 2023.

Total staff of 12 with 8 POST certified officers (Vacant Criminal Analyst and Investigator positions).

***Mission***

***Authority***



## ***OIG Mission***

Our mission is to promote transparency and accountability in state government.

OIG diligently investigates fraud, waste, abuse, and corruption in the executive branch.

We work to promote effective controls, improve agency policies and procedures, and identify opportunities for efficiency.

We also provide statewide oversight of sexual harassment investigations.

# ***Authority***

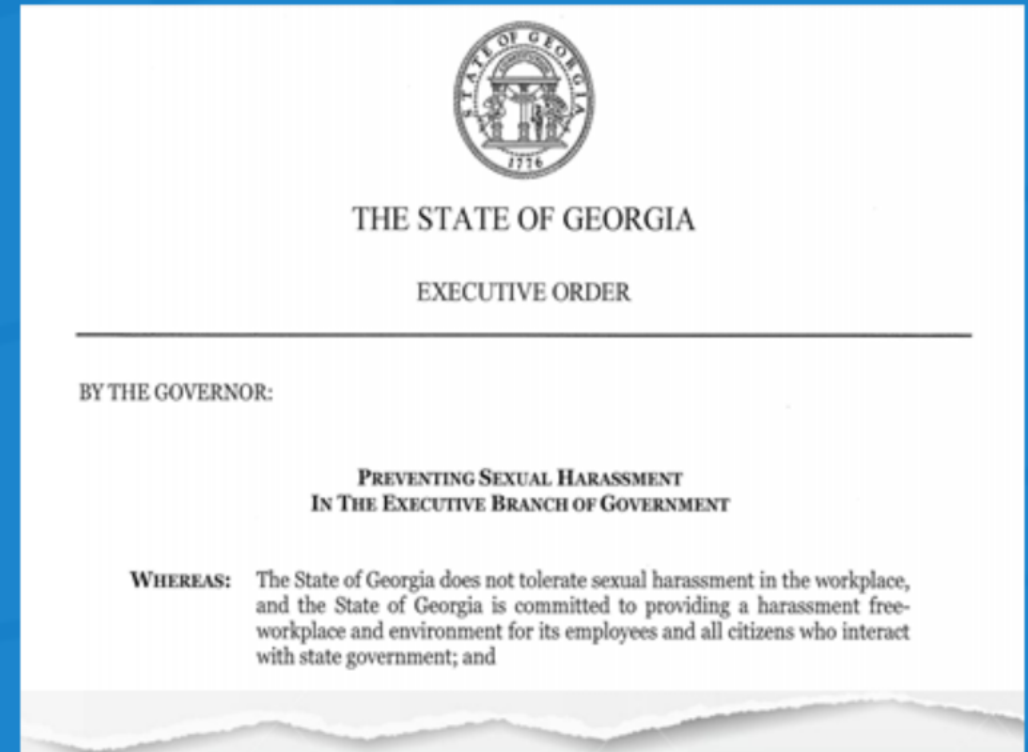
Investigate fraud, waste, abuse, and corruption in the executive branch of state government.

- Includes criminal investigations, administrative investigations of ethics complaints, and evaluations/inspections.
- Authority to enter upon the premises of any state agency at any point without prior announcement
- Authority to question any official, officer, or employee serving in the agency and may inspect and copy any books, records, or papers in the possession of the agency.



# ***Authority Cont.***

- Compel production of documents and records through administrative subpoenas.
- Administer oaths and examine witnesses under oath.
- Conduct impartial sexual harassment investigations and audit compliance with the Statewide Sexual Harassment Prevention Policy.
- Conduct fraud awareness and ethics training.



***Responsibilities  
and Values***

# ***Georgia - SAO***

**Established via Executive Order in  
2004 (Gov. Purdue)**

**Realignment of the state's financial  
reporting and financial system  
responsibilities under a single  
State Accounting Officer (SAO)**

# ***Responsibilities***

The State Accounting Office is responsible for the following duties:

- Establish statewide accounting and reporting standards and practices.
- Prepare the state's Annual Comprehensive Financial Report (ACFR, formerly CAFR); the annual audited financial statement for the entire state entity.
- Improve accountability, efficiencies and internal controls.

***Values***

# ***Values***

**Integrity** - Do the right thing.

**Accountability** - Take ownership.

**Reliability** - Do what you say you will do.

**Service Excellence** - Exceed customer expectations.



# ***Lessons Learned: OIG Case Studies***

- Business Email Compromise (BEC) Threats
- Spoofing Email Threats
- Independent Document Verification
- Employee Oversight (Internal Threats)
- Vendor Oversight (External Threats)

***BEC vs.  
Spoofing***

***Spoof Case  
Study 2***

***BEC Case  
Study 1***

***Document  
Verification***

***Spoof Case  
Study 1***

***Employee  
& Vendor  
Oversight***

## ***What is a BEC Scheme?***

- Business Email Compromise or Account Takeover Schemes involve compromised email accounts used by perpetrators of fraud to make requests from valid email accounts.
- Compromised account typically used to initiate change of vendor's banking information to redirect legitimate payments.

***Spoofing***

***Statistics***

# ***Spoofing***

- Similar to BEC, except the perpetrator does not have access to the legitimate email account.
- Typically, the perpetrator will register a similar domain and imitate a legitimate vendor email.
- For example:
  - `oig.georgia.gov` vs `oig.georiga.gov` or `www.iamgoodipromise.com` vs. `www.iangoodipromise.com`

# FBI'S IC3 Statistics

## 2023 CRIME TYPES

### By Complaint Count

Crime Type	Complaints	Crime Type	Complaints
Phishing/Spoofing	298,878	Other	8,808
Personal Data Breach	55,851	Advanced Fee	8,045
Non-payment/Non-Delivery	50,523	Lottery/Sweepstakes/Inheritance	4,168
Extortion	48,223	Overpayment	4,144
Investment	39,570	Data Breach	3,727
Tech Support	37,560	Ransomware	2,825
BEC	21,489	Crimes Against Children	2,361
Identity Theft	19,778	Threats of Violence	1,697
Confidence/Romance	17,823	IPR/Copyright and Counterfeit	1,498
Employment	15,443	SIM Swap	1,075
Government Impersonation	14,190	Malware	659
Credit Card/Check Fraud	13,718	Botnet	540
Harassment/Stalking	9,587		
Real Estate	9,521		

# FBI'S IC3 Statistics

## 2023 CRIME TYPES continued

### By Complaint Loss

Crime Type	Loss	Crime Type	Loss
Investment	\$4,570,275,683	Extortion	\$74,821,835
BEC	\$2,946,830,270	Employment	\$70,234,079
Tech Support	\$924,512,658	Ransomware*	\$59,641,384
Personal Data Breach	\$744,219,879	SIM Swap	\$48,798,103
Confidence/Romance	\$652,544,805	Overpayment	\$27,955,195
Data Breach	\$534,397,222	Botnet	\$22,422,708
Government Impersonation	\$394,050,518	Phishing/Spoofing	\$18,728,550
Non-payment/Non-Delivery	\$309,648,416	Threats of Violence	\$13,531,178
Other	\$240,053,059	Harassment/Stalking	\$9,677,332
Credit Card/Check Fraud	\$173,627,614	IPR/Copyright and Counterfeit	\$7,555,329
Real Estate	\$145,243,348	Crimes Against Children	\$2,031,485
Advanced Fee	\$134,516,577	Malware	\$1,213,317
Identity Theft	\$126,203,809		
Lottery/Sweepstakes/Inheritance	\$94,502,836		

# ***FBI'S IC3 Statistics***

Losses by State*		
Rank	State	Loss
1	California	\$2,159,454,513
2	Texas	\$1,021,547,286
3	Florida	\$874,725,493
4	New York	\$749,955,480
5	New Jersey	\$441,151,263
6	Pennsylvania	\$360,334,651
7	Illinois	\$335,764,223
8	Arizona	\$324,352,644
9	Georgia	\$301,001,997
10	Washington	\$288,691,091
11	Virginia	\$265,073,590
12	Massachusetts	\$235,890,173
13	North Carolina	\$234,972,238
14	Maryland	\$221,520,527
15	Michigan	\$203,445,988



# ***BEC Case Study 1***

- State agency prompted for bank account change by vendor from valid email domain/valid email account.
- The request defeated existing controls and resulted in \$800,000+ loss. Timely notification resulted in \$400,000+ recovery.
- Subjects identified, investigated, indicted, arrested, and convicted.

***Emails &  
Phone Calls***

***Controls***

***Risk***

***Prevention***

***Outcome***

# ***Actual Scheme Emails***

Hi

I just got off the phone with our finance department and they are requesting that our next payment be sent to our International company account because of the high charges we are already incurring on our account and we are as well trying to reduce our tax rate. Kindly let me know if this is possible from your end. We will appreciate it. Sorry for any inconveniences caused.  
Thanks so much again!

# ***Actual Scheme Emails***

Hi

Section 2 is blank because this account is our International company account and does not have Routing number but SWIFT CODE.

I have included the account number in the VMF form and also the intermediary bank is included in the bank verification letter attached.

We choose to use this account from now on because of the high charges we are incurring on our accounts and we are as well trying to reduce our tax rate.

Thanks

# ***Actual Scheme Emails***

Hi

Ok thanks, I have refilled the VMF form with our Regions banking details and a letter from the bank too.  
Please see that it is updated and if you need anything, do not hesitate to let me know.  
Thanks so much again!

# ***Actual Scheme Emails***

*The ACH information has been changed as requested.*

# Phone Call Verification

Record Id	Date	Direction	Calling Number	Called Number	Call Duration	Total Duration
	12/20/2018 11:21	Terminating	+1-678-586-4075	+1-404-	0:00:07	0:00:25
	12/20/2018 11:22	Terminating	+1-678-586-4075	+1-404-	0:00:11	0:00:29
	12/20/2018 11:24	Terminating	+1-678-586-4075	+1-404-	0:00:12	0:00:30
	12/20/2018 11:25	Terminating	+1-678-586-4075	+1-404-	0:00:08	0:00:26
	12/20/2018 11:25	Terminating	+1-678-586-4075	+1-404-	0:00:11	0:00:29
	12/20/2018 11:33	Terminating	+1-678-586-4075	+1-404-	0:00:10	0:00:28
	12/20/2018 11:36	Terminating	+1-678-586-4075	+1-404-	0:00:10	0:00:28
	12/20/2018 11:39	Terminating	+1-678-586-4075	+1-404-	0:00:09	0:00:27
	12/20/2018 11:52	Terminating	+1-678-586-4075	+1-404-	0:00:08	0:00:27
	12/20/2018 11:56	Originating	+1-678-586-4075	+1-404-		0:00:24
	12/20/2018 11:56	Terminating	+1-678-586-4075	+1-404-		0:00:24
	12/20/2018 11:57	Originating	+1-678-586-4075	+1-404-		0:00:24
	12/20/2018 11:57	Terminating	+1-678-586-4075	+1-404-		0:00:24
	12/20/2018 11:58	Terminating	+1-678-586-4075	+1-404-	0:00:11	0:00:29
	12/20/2018 11:59	Terminating	+1-678-586-4075	+1-404-		0:00:24
	12/20/2018 11:59	Originating	+1-678-586-4075	+1-404-		0:00:24
	12/20/2018 12:16	Terminating	+1-678-586-4075	+1-404-	0:00:11	0:00:29
	12/20/2018 12:35	Terminating	+1-678-586-4075	+1-404-	0:00:11	0:00:29
	12/20/2018 13:01	Terminating	+1-678-586-4075	+1-404-	0:00:09	0:00:27
	12/20/2018 13:03	Terminating	+1-678-586-4075	+1-404-	0:00:07	0:00:15
	12/20/2018 13:08	Terminating	+1-678-586-4075	+1-404-	0:00:07	0:00:25
	12/20/2018 13:11	Terminating	+1-678-586-4075	+1-404-	0:00:05	0:00:23
	12/20/2018 13:13	Originating	+1-678-586-4075	+1-404-		0:00:24
	12/20/2018 13:13	Terminating	+1-678-586-4075	+1-404-		0:00:24
	12/20/2018 13:52	Terminating	+1-678-586-4075	+1-404-	0:00:11	0:00:29
	12/20/2018 13:54	Originating	+1-678-586-4075	+1-404-		0:00:09
	12/20/2018 13:54	Terminating	+1-678-586-4075	+1-404-		0:00:09
	12/20/2018 13:56	Originating	+1-678-586-4075	+1-404-		0:00:11
	12/20/2018 13:56	Terminating	+1-678-586-4075	+1-404-		0:00:11
	12/20/2018 14:25	Terminating	+1-678-586-4075	+1-404-	0:01:51	0:01:59
	12/20/2018 14:30	Terminating	+1-678-586-4075	+1-404-	0:02:28	0:02:32
	12/20/2018 14:36	Terminating	+1-678-586-4075	+1-404-	0:01:43	0:01:49



# Phone Call Verification

Username	Phone;Number	Name	Email	DOB	Phone;Ownership;From	Phone;Ownership;To;.....
jameszero	+1;678-586-4075			2/5/2018	2018-12-20;05:00:00;UTC	2018-12-21;04:59:59;UTC;.....

# ***Phone Call Verification***

- Suspect informed of phone call verification requirement.
- Suspect registers and uses Atlanta area code number via free service to conduct verification.
- Suspect called 32 times in 3 hour time period.
- This is why we recommend hanging up and calling known number.

# ***Suspect Communications***

Do you want account for good money or for F money

Status: Read

Platform: Mobile

9/14/2022 4:23:29 PM(UTC+0)

# ***Suspect Communications***

Do you want account for good money or for F money

Status: Read

Platform: Mobile

9/14/2022 4:23:29 PM(UTC+0)

Czech republic client dating job local payment but if you can get Revolut bank account better

# ***Suspect Communications***

Do you want account for good money or for F money

Status: Read

Platform: Mobile

9/14/2022 4:23:29 PM(UTC+0)

Czech republic client dating job local payment but if you can get Revolut bank account better

The are asking for %?

# ***Suspect Communications***

Do you want account for good money or for F money

Status: Read

Platform: Mobile

9/14/2022 4:23:29 PM(UTC+0)

Czech republic client dating job local payment but if you can get Revolut bank account better

The are asking for %?

20% and must be client



# ***Suspect Communications***

Do you want account for good money or for F money

Status: Read

Platform: Mobile

9/14/2022 4:23:29 PM(UTC+0)

Czech republic client dating job local payment but if you can get Revolut bank account better

The are asking for %?

20% and must be client

I need account for 22k ach payment yankee

# ***Suspect Communications***

Do you want account for good money or for F money

Status: Read

Platform: Mobile

9/14/2022 4:23:29 PM(UTC+0)

Czech republic client dating job local payment but if you can get Revolut bank account better

The are asking for %?

20% and must be client

I need account for 22k ach payment yankee

Us account

# ***What about Internal Controls?***

Remember Internal Controls .....

- A process that provides reasonable assurance that the ***objectives of the organization will be achieved.***
- ***Not one event, but a series of actions*** that occur throughout an organization's operations.

# ***Internal Control Design***

Control activities to help prevent fraud had been designed by the agencies who process requests, such as:

- Separation of duties
- Documentation
- Independent verification
- Phone call verifications

Note: some of these are preventative controls which are preferred as they ***prevent errors from occurring***. As opposed to detective which ***detects errors or irregularities after it occurs***.

# ***Internal Control Takeaways***

After a fraud or loss occurs, the internal control process should be reviewed to determine if:

- Internal controls were designed properly, however, they were not executed as designed.
- Design of the internal control system needs to be updated to mitigate a risk that was discovered (i.e., reason the fraud or loss had occurred).

# ***Internal Control Breakdowns***

The loss occurred both from the way in which the employees executed the controls and the control design:

- Errors in documentation went unnoticed (prior bank account number off by one digit).
- Emails to perpetrators informing them phone call verification was required.
- Phone call verification accepted from unknown number, not a phone number on file.

# ***Organizational Risk***

- Negative media attention
- Loss of taxpayer funds
- Future Audit
- Potential to testify in criminal trial
- Time loss due to investigative steps
- Loss of personnel due to discipline

## **Two convicted of cyber fraud scheme targeting small business, private citizens**

The Albany Herald, Ga.

September 18, 2024 · 4 min read



ATLANTA – Attorney General Chris Carr has announced that Ugochinyere

Anazodo, 46

Windermere

NEWS

## **Man ordered to pay over \$1 million in restitution after scamming GA victims in cyber fraud scheme**



By **WSBTV.com News Staff**

September 11, 2024 at 1:36 pm EDT

# ***Prevention Measures***

Continuous Education and Training

Separation of Duties and Documentation

Verification of account status and name match (financial risk assessment)

Validate Change to Banking Information Outside Email

Automatic Mailings/Notification



## ***Case Outcome***

Ugochinyere Anazodo

- Jury trial conviction for RICO, Theft by Taking, Money Laundering
- Sentenced to 20 years, 10 years of confinement, balance on probation.
- Joint restitution of \$1,174,928.79



Dominique Beaulieu

- Negotiated plea for RICO
- Sentenced to 5 years, 2 years of confinement, balance on probation.
- Joint restitution of \$1,174,928.79



# ***OIG Spoofing Case Recovery***

- **OIG receives complaint from non-profit which receives state funding.**
- **Organization reported a loss via suspected BEC/spoofed email from vendor.**
- **OIG confirmed the email address was one character different than the correct email address.**
- **OIG contacted receiving financial institution and confirmed funds were held and facilitated process of sending a "hold harmless" letter.**
- **Total amount of fraudulent EFT recovered in 30 days (\$44k).**

# ***Internal Control Breakdowns?***

- Employee who processed the request did not spot the incorrect email domain.
- No verification conducted with vendor outside email communications prior to bank information change.
- No communication with the vendor of the successful change of their banking information.

# ***Note on Loss, Jurisdiction, and Prosecution***

- Recovery of stolen funds is a successful outcome.
- Often, suspects are outside our jurisdiction.
- Prosecution efforts are limited by investigative resources, prosecutor resources, and loss amount.
- Discretion is used when pursuing criminal investigations.

## ***OIG Spoofing Case 2***

- Recent complaint (FY25) regarding a loss associated with another spoofed email.
- Diverted payment resulted in a diverted EFT of \$700k+.
- Funds were held by the receiving financial institution.
- Recovery of full loss amount pending.

***Computer  
Theft***

## ***United States v Karen Lyke***

- Complaint referred to OIG by a state agency in 2019.
- Two computers were ordered for benefit recipients, neither recipients received or knew about the computers, despite signed receipt forms on file.
- Both recipients interacted with the same state employee, Karen Lyke (formerly Karen Gregory).
- Review of the forms suggested signatures were forged and a third benefit recipient was identified by OIG.

***Outcome***

***Big  
Discoveries***

***Controls***

## ***Computer Theft***

- The total loss for the three computers totaled over \$19,000.
- When questioned, Lyke admitted to fraudulently ordering the computers and selling them on eBay.
- Based on the evidence and forged documentation, OIG believed it was possible other documentation had been fraudulently created.
- OIG then conducted a review of all 425 benefit recipients managed by Lyke from 2015-2019.

### ***Example 1***

## ***Big Discoveries***

- 14 fictitious recipients identified who received education assistance based on falsified information.
- Recipients reported to be studying at GA Tech, UGA, Atlanta School of Massage, or other schools.
- OIG confirmed all college-related documents were fraudulent documents.
- Hundreds of pages of documents, including FAFSA forms, term schedules, syllabi, purchase receipts, tuition bills; all falsified.
- Recipients were all friends and relatives of Lyke.
- Over 200 checks exceeding \$1.3 million in funds sent to PO Boxes controlled by Lyke from 2016-2020.

### ***Example 2***



# Example - Falsified Tuition and Fees

Anticipated third party contract payments, financial aid, and memos are NOT included in this summary. For expected payments of Financial Aid grants, scholarships, HOPE, Perkins, etc., go to the [Award Payment Schedule](#). For expected payments of Financial Aid Stafford/Unsubsidized/Service/PLUS loans go to [Stafford and Other Loans](#).

## Summary

**Account Balance:** \$10,741.00

Summer 2018

Detail Code	Description	Charge	Payment Balance
ACFD	Activity Fee	\$52.00	\$52.00
ATHF	Athletic Fee	\$0.00	\$0.00
UGAC	Connect UGA Fee	\$20.00	\$20.00
GREF	Green Fee	\$2.00	\$2.00
HLTH	Health Fee	\$133.00	\$133.00
RECF	Recreation Center Fee	\$10.00	\$10.00
STCF	Special Institutional Fee	\$450.00	\$450.00
TECH	Technology Fee	\$76.00	\$76.00
TRFD	Transportation Fee	\$77.00	\$77.00
SPIF	Student Center- Facility	\$50.00	\$50.00
GIST	Graduate -In-State Tuition	\$9,871.00	\$9,871.00

**Term Charges:** \$10,741.00

**Term Credits and Payments:** \$0.00

**Term Balance:** \$10,741.00

# Example - Falsified Transcript

Academic Transcript *schedule*

This is not an official transcript. Courses which are in progress may also be included on this transcript.

Student ID: [REDACTED] Birthdate: [REDACTED] Mr. Kevin Michael Gregory  
Home: [REDACTED] Cell: (678) [REDACTED] Address: [REDACTED]  
Business: [REDACTED] Other Phone: [REDACTED] Lawrenceville GA 30046  
Email: [REDACTED] Email Address: [REDACTED]@uga.edu

**Spring 2018 SCHEDULE**  
[Click here for a printable version](#)

Meeting Time	CRN	Section	Course	Sess	Course Title	Hr Grd	Instructor	Location
N/A	7955	G	IT3661	Full Session	Internet Working	3	Orwig, R	Online
N/A	7994	OLB	BUSA3130	Full Session	Business Information Center	3	Smatt, C	Online -
N/A	8130	OLI	BUSA3800	Full Session	Srvy of Legal Env of Business	3	Childs, M	Online -
N/A	7779	OL2	IT3440	Full Session	Principles of Internet	3	Murdock, M	Online -

**ACADEMIC INFORMATION**

First Term Enrolled: Summer 2016 Hours: 56.00  
Last Term Enrolled: Spring 2018  
Last Term Accepted: Summer 2016

GPAs	UGA Overall	Last Term
Graduate 4.00	4.00	Fall 2017 4.00

Cumulative 4.00  
Academic Standing: Good Standing

Current Major(s): Master's in Technology  
Current Minor(s): [REDACTED]  
Advisor: [REDACTED] Advisor Name: [REDACTED] [Schedule an appointment](#)  
Advisor Email: [REDACTED] Email Address: [REDACTED]@uga.edu  
Department: Internet Technology  
Advisor Location: Nesbitt 5118

Current Status: Enrolled  
Campus: Athens Campus

**ACADEMIC HISTORY**

Course	Term	Course Title	Credit Hours	Grade
--------	------	--------------	--------------	-------

# Academic Transcript

Schedule

This is not an official transcript. Courses which are in progress may also be included on this transcript.

Student ID

Home:

Business:

Email:

Email Address

@uga.edu

Birthdate:

Birthdate

Cell: (678)

Cell Phone

Other Phone:

Mr. Kevin Michael Gregory

Address

Lawrenceville GA 30046

## Spring 2018 SCHEDULE

[Click here for a printable version](#)

Meeting Time	CRN	Section	Course	Sess	Course Title	Hr	Grd	Instructor	Location
N/A	7955	G	IT3661	Full Session	Internet Working	3		Orwig, R	Online
N/A	7994	OLB	BUSA3130	Full Session	Business Information Center	3		Smatt, C	Online -

**Spring 2018 SCHEDULE**  
[Click here for a printable version](#)

Meeting Time	CRN	Section	Course	Sess	Course Title	Hr	Grd	Instructor	Location
N/A	7955	G	IT3661	Full Session	Internet Working	3		Orwig, R	Online
N/A	7994	OLB	BUSA3130	Full Session	Business Information Center	3		Smatt, C	Online -
N/A	8130	OL1	BUSA3800	Full Session	Srvy of Legal Env of Business	3		Childs, M	Online -
N/A	7779	OL2	IT3440	Full Session	Principles of Internet	3		Murdock, M	Online -

**ACADEMIC INFORMATION**

**First Term Enrolled:** Summer 2016

**Last Term Enrolled:** Spring 2018

**Last Term Accepted:** Summer 2016

**Hours:** 56.00

<b>GPA's</b>	<b>UGA Overall Last Term</b>		
<b>Graduate</b>	4.00	4.00	Fall 2017 4.00

**Cumulative** 4.00

**Current Major(s):** Master's in Technology

**Current Minor(s):**

**Academic Standing:** Good Standing

## ACADEMIC INFORMATION

First Term Enrolled: Summer 2016

Last Term Enrolled: Spring 2018

Last Term Accepted: Summer 2016

Hours: 56.00

GPA's	UGA Overall Last Term		
Graduate	4.00	4.00	Fall 2017 4.00

Cumulative 4.00

Current Major(s): Master's in Technology

Current Minor(s):

Academic Standing: Good Standing

Advisor: Advisor Name [Schedule an appointment](#)

Current Status: Enrolled

Advisor Email: Email Address@uga.edu

Campus: Athens Campus

Department: Internet Technology

Advisor Location: Nesbitt 5118

## ACADEMIC HISTORY

Course

Term

Course Title

Credit  
Hours

Grade

# ***Outcome***

- Lyke and her (ex) husband, Kevin Gregory, pled guilty in federal court to Conspiracy to Commit Federal Program Theft.
- Lyke sentenced to 5 years in federal prison, Gregory sentenced to 4 years; both ordered to restitution (\$1,347,531.76).
- Before surrendering to prison, Lyke passed away.

***Computer***

## PRESS RELEASE

Former State of Georgia employee sentenced to five years in federal prison for stealing \$1.3 million earmarked for citizens with disabilities

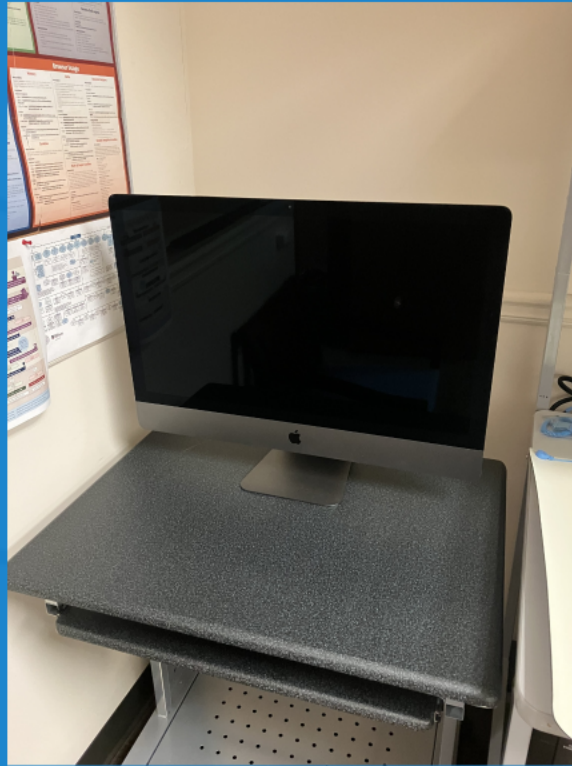
Thursday, December 1, 2022

Share >

For Immediate Release

U.S. Attorney's Office, Northern District of Georgia

# ***Computer***





***Could this have  
been prevented?***

***Controls***



# ***Internal Control Breakdown***

Looking at both the way the internal controls were designed and then carried out:

- Lack of separation of duties
  - Was anyone reviewing Karen's work?
- Verification of documentation
  - Did anyone verify data to original source (such as College) of enrollment, credit hours, etc.
- Shipment of Goods
  - Was anyone verifying that goods were received at a State location?
- Should use of PO Boxes be allowed as a mailing address for:
  - Shipment of Goods?
  - Check Payments?



# **Internal and External Threat Examples**

***Fraud  
Triangle***

***P-Card  
Fraud***

***Stolen Checks/  
Money Orders***

## OPPORTUNITY



**PERCEIVED  
FINANCIAL PRESSURE**

**RATIONALIZATION**

## ***Auto Parts P-Card Scheme***

State employees Roosevelt Addie and Oscar Cooke utilized state P-cards to purchase auto parts for state vehicles. Both were charged and pled guilty.

Conspiring with an internal actor at a state vendor, they were able to purchase auto parts for personal vehicles and alter receipts and invoices to make it appear the parts were for state vehicles.

The parts were used for personal and racing vehicles. The vendor employee, Openzender Tanner, was also charged and pled guilty.

***Internal  
Control  
Breakdown***

# ***So how did this happen?***

Was anyone reviewing data analysis trends

- Should the supervisory employees have noticed an increase in the count or dollar amount of vehicle repairs (and more closely reviewed the receipts and invoices related to vehicle repairs).

Was anyone reviewing supporting documentation

- Looking for missing or incomplete documentation (receipts)
- Were all items supported by documentation, such as material costs and labor hours
- Remember SAO has a Payment Process Business Process Policy

# ***So how did this happen?***

Was anyone reviewing who was performing key tasks:

- Can one employee create repair orders, approve changes, and finalize repair orders?

Was there any audit on past purchases or P-Card purchases.

# ***Stolen Checks and Money Orders***

State employee supervises team of employees who process payments for violations.

Supervisor was able to collect inbound payments and divert them before they were entered on tracking sheets or internal systems by staff.

Crossed-out the name of the agency and wrote her own name. She then deposited the checks and money orders into her personal bank account.

***Internal  
Control  
Breakdown***



# ***Internal Control Breakdown***

- Separation of duties
  - Is one person collecting payment, recording account adjustments or payments, etc?
- No method in place to verify accuracy of the records documenting receipt of the check/money order.
  - Supervisor was able to alter batch payment worksheets completed by mail room clerks upon receipt of the payment. She then altered accounts within the agency's system to make it appear payment was received or at times was the one to log the checks received.
- Activity only discovered after she missed one of the payments and the constituent complained to the agency.



# ***Report Fraud, Waste, Abuse, and Corruption***

- Make necessary notifications internally (if applicable).
- Contact GA-OIG.
- Do not investigate further!!!
  - May gather inadmissible evidence.
  - May result in evidence destruction.
  - Personal safety.



***How to  
Report***

# How to Report

- Visit our complaint form at:  
<https://oig.georgia.gov/>.
- Email us at:  
[inspector.general@oig.georgia.gov](mailto:inspector.general@oig.georgia.gov).
- Georgia has whistleblower protection (See OCGA § 45-1-4).

